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West Europe Report

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16 March 1984

WEST EUROPE REPORT

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GAL KILLINGS SPARK PRO-ETA STREET VIOLENCE

Madrid EL ALCAZAR in Spanish 10 Feb 84 p 8

[Text] The deaths of ETA [Basque Fatherland and Liberty Group] members Vicente Perurena Tellechea and Angel Gurmindio during an attack by the Anti-Terrorist Liberation Group (GAL) has initiated a resurgence of the street violence in which ETA sympathizers and the separatist left have engaged, as occurred earlier at the beginning of January as a result of the death in similar fashion of another leading terrorist, "Txapela." A statement made public yesterday by the GAL warns that "if there is another armed action on Spanish soil, we will go directly to the leadership of the ETA."

Yesterday, as it is expected will happen in the days to come, the anger of those who support the actions of the ETA terrorists rose in protest against what they call the "dirty war," as if that waged by the ETA members were a clean one, causing serious disturbances in various Basque settlements, and mobilizations occurred in localities in the south of France. Groups of demonstrators cut off the highway access to the settlement of Renteria in Guipuzcoa at mid-day, blocking various sectors of the road with buses, heavy trucks and other vehicles, some of them with French license plates. Various educational institutions closed their doors and halted academic activities.

Highway N-1, in the Villabona-Andoain sector, was also closed for a considerable time by blocking vehicles, and in the environs of the settlement of Astigarraga (near the hamlet and cafe owned by the family of Vicente Perurena, one of the ETA members killed), numerous barricades were placed and set afire. Also, along the so-called Zarkimendegi stretch, a number of unidentified individuals, using a power saw, cut down the trees located along the road in the early morning hours. This activity caused a collision of two vehicles at the barricades, and one of the drivers suffered slight injuries. In Pamplona, five young men threw Molotov cocktails which set a bus afire.

Demonstrations in support of the ETA terrorists and in protest against the GAL attacks were reported in various localities.

Preparations have already begun for memorial services for the dead ETA members, Perurena and Gurmindio. The latter has been declared its "favorite son" by the town of Olasgutia in Navarre by a city council decree. Angel Gurmindio had been a refugee in southern France for the past 9 years. He was a bachelor. The decree approved by the municipal council, the EUROPA PRESS reports, condemned the murder and proposed to his family that the municipality pay the costs of transporting his body and the funeral. The mayor himself and various council members, along with the family, traveled to Hendaye to see to the necessary procedures with the French authorities.

At noon yesterday, the Civil Guard proceeded to take down an "ikurrina" draped in black crepe which had been hung from the balcony of the city council premises in that town in Navarre. This banner was raised in solitary thanks to the municipal council decree in homage to the ETA member.

Civil Guard personnel presented themselves at the city council premises and asked the members to take down the "ikurrina," but were refused. The Civil Guards then removed it.

Mobilizations in Southern France

The situation on the Franco-Spanish frontier at Irun has been entirely normal thus far, although traffic in terms of individuals and vehicles was lighter than usual yesterday. The Santiago bridge remained closed throughout the night because the French police were making a search for those responsible for the GAL attack.

With a view to maintaining order, a substantial security police detachment was dispatched by the French authorities, who also ordered strengthened protection for the Spanish consulate in Hendaye.

Wednesday night, groups of demonstrators gathered at the Hendaye municipal council premises, shouting "Long live the military ETA." Yesterday noon, about 200 individuals, including several deputies in the Herri Batasuna "abertzale" coalition, demonstrated in Bayonne, and gathered in front of the cathedral in the city and the subprefecture, where the Herri Batasuna deputies attempted to talk with the subprefect. Separatist demonstrations occurred again during the evening.

GAL Actions

The kidnapping of a Spanish resident of Hendaye, Segundo Marey, was the first action by the Anti-Terrorist Liberation Group, perpetrated in the middle of last December. On the 19th of the month ETA member Ramon Onaederra was shot, and on the 28th, the leader of the armed organization, Miguel Goicoechea, alias "Txapela," one of the most active terrorists, was the victim. With the attack Wednesday, therefore, the total number of ETA members killed in GAL actions, all carried out in the south of France, comes to four.

In January, the French authorities undertook a police campaign, less extensive than was initially reported. It led to the deportation of six ETA members to Panama and a curfew for six others in zones distant from the frontier department. However, after a few days, those under curfew ceased to report to the police commissariats and disappeared, presumably having returned to the French Basque territory. These individuals include one of the highest leaders, Domingo Iturbe Abasolo, alias "Txomin." The military branch of the ETA remains strong.

5157

CSO: 3548/191

BASQUE REFUGEES ON CONDITIONS FOR RETURN; ACADEMIC ON ETA

Guipuzcoa EGIN in Spanish 26 Jan 84 p 5

/Text7 Bilbao--"There is complete unanimity on the desire to return to our home, our neighborhood or our people. But of course, the return to South Euskadi while the same situation that forced us to go into exile prevails would imply our return into exile or our imprisonment within a more or less short time. It is obvious that, except for shameful repentances and capitulations, our return can occur only under conditions in which the industrious Basque people can exercise the minimal democratic liberties that they are currently being denied, and, more precisely, under a democratic situation such as depicted by the KAS [Patriotic Socialist Coordination] alternative, whose first stipulation is amnesty and the free return of the exiles." These and other statements of Basque "abertzales" refugees appear in the latest issue of HERRIA 2000 ELIZA, which the magazine has dedicated to the problem of the various refugee groups in the world.

These and other statements by Basque 'abertzales' patriotic refugees are collected in the latest edition of the magazine HERRIA 2000 ELIZA, dedicated to the problems of various refugee collectives in the world.

The report, entitled "The Refugees Dream of Returning," deals with the issue of the Salvadoran refugee groups in Honduras, particularly the Mesa Grande settlement, and of the Basques of Iparralde. It also contains an article by Juan Jose Rodriguez Ugarte, of the "People's Defender" office, which criticizes in detail the text of the future law of the right of asylum and refuge in the Spanish state, which already has gone through Congress.

In the section dedicated to the Basque "abertzales" refugees in Iparralde under the heading "Euskaldunak Herri Minez," there is, for one, an interview with lawyer Christianne Fando concerning the impunity displayed by the Spanish police in Iparralde, the close interpolice collaboration, the precarious situation of the refugees, and so forth. There are also three brief interviews with refugees who responded individually and collectively to a number of issues directly affecting their lives.

Finally, there is the short statement issued by several Basque priests in relation to the latest events that have resulted in "disappearances" and "assassinations," who, in the name of the Gospel and in keeping with a centuries-old tradition, assert with regard to the "iheslariak" [translation unknown] "that for a start, our doors will always be open to them."

Jesus Ibanez: "The PSOE Is Annoyed by the 'Abertzales' Militancy"

Elsewhere, there is a long interview with Sociology Professor Jesus Ibanez, of the Alcala de Henares University of Madrid, who among other things asserts that "what annoys the PSOE /Spanish Socialist Labor Party/ is to have someone denounce the prostitution of power; that the 'abertzales' remain militant and refuse to accept the PSOE policy, and that they keep denouncing by every means the tyranny of the majorities on the right of the minorities. They become furious. It leaves them exposed. They cannot bear the intransigence of a Bargamin, of a Sastre..." As to violence, for example, he asserts that "violence is not in things, but in the news about things," in the same sense that "what is important is the ideological repercussion of things," and that the violence prevailing in Euskadi "quantitatively is not that much; there is not that much violence even qualitatively." In any case, "compared to what happens on the other side, what goes on here is just as inoffensive," or in other words, "no matter how big the violence in Euskadi, it is no bigger than that which prevails in the rest of the Spanish state. In any case, it is less."

With regard to the armed struggle, Ibanez, a firm supporter of negotiated solutions, says: "I do not know what would happen if the ETA surrendered its weapons, but it would not be good; yet nothing useful would happen either if it sought to keep the weapons forever," and he goes on to conclude that "the ETA will not surrender the weapons without guarantees that it will achieve what it seeks by other means--that is what must be provided."

He also criticizes the posture of the PSOE regarding the NATO issue and its refusal to negotiate with the ETA, stating that in the final analysis, everybody's real enemy is the military because this continues to be a "watched" democracy.

8414

CSO: 3548/180

GALLE ON BILL ON COMMUNITY OFFICIAL LANGUAGE USE

Brussels LE PEUPLE in French 6 Feb 84 p 2

[Interview by Fabrice Jacquemart with Flemish Socialist minister Marc Galle: "Marc Galle: 'The Government Needs Only to Apply the Constitution'"; date and place not given]

[Text] Jean-Maurice Dehousse said of him that he was a "distinguished Verroken." Distinguished, he is. And Verroken? "Verroken was alone in his party, but I am not alone, I speak in the name of my party."

The name of the Flemish Socialist minister Marc Galle (who is also minister of the Flemish regional-community government) will doubtlessly remain associated for a long time with the community history of this country. As the author of a bill that would require each communal representative, in a given region, to be able to express himself in the language of that region, Marc Galle caused an uproar.

In Flanders, where everyone was happy. And in Wallonia, where people are still crying shame at the prospect of the consequences of such a law in the communes of the Brussels periphery and in Fourn.

Marc Galle denies wanting to cause such an uproar. He claims to have wanted to make things plain once and for all, so as to avoid the death of the country after long years of absorption of community poisons. But it is not at all certain that the opposite effect is not being achieved.

Especially after the opinion by the Council of State, made public last Friday--an opinion that states that everything that Marc Galle asserts, on the level of principles, is implicit in the Constitution.

For the Council of State's opinion does not give any more stability to the government, which has been roughly shocked by this proposed law. The alarm bell may not sound this time, but since the Flemish parties threaten to demand application of the Constitution even before consideration of the Galle bill, an accident is always possible. The whole problem is to know when they are going to decide to throw this new can of gasoline onto the fire.

With regard to all this, we asked the opinion of Marc Galle--an exclusive interview for the French-language press.

[Question] Mr Minister, how do you interpret the Council of State's opinion?

[Answer] One must distinguish the first article from the others. It provides that any political representative must know the language of the region in which his commune is located. This is in application of Article 3A of the Constitution. On 1 February 1983, the prime minister himself said that this very important article of the Constitution does exist, but that a law was still needed. It is for this reason that I took the initiative to submit my proposal, last June--a proposal that took 9 months to be taken under consideration, and that is abnormal.

The president of the Chamber asked the opinion of the Council of State on the constitutionality of the bill, on the question of adherence to the stipulations of the international agreements, and on its admissibility. On the three points, the Council justified me.

Now the Council members, in a bilingual Chamber, have considered in their conclusions, after presenting the two opposed positions, which is rare, that the Galle proposal is superfluous, that Article 3A is sufficient. This has always been the opinion of the Flemish Council members, who on this basis have taken the decisions regarding Wezembeek, Rhode-St-Genese, etc. But for the first time, the French-speaking Council members have marked their agreement with the Flemish Council members.

The Council of State has also considered that a Galle law would have weaker legal value than the Constitution, since a law can be changed quickly, if one obtains a majority, which is far more difficult for an amendment of the Constitution. The Council of State has therefore said that this law would be superfluous, and perhaps not desirable. For this reason, but perhaps also for another one--which would be comical reasoning--the Council of State has said that the Galle proposal was directed only at the communes with facilities,¹ and therefore was not addressed to all of Belgium. In the view of the Council of State, this is not regular, because any communal council member in any commune whatsoever is supposed to know the language of his region. But it is the Regional Councils that are competent to introduce a proposed decree on the use of languages in the communes that do not have facilities. The national legislature therefore has no more competence in this regard than for the communes with facilities. Here, the Council of State might be deceiving itself.

I introduced, in the Flemish Executive, a draft decree for the Flemish unilingual communes, and the Council of State, a year ago, was favorable to it, even referring to the case of the communes with facilities, which stimulated me to submit my bill. I was certain of meeting with a favorable opinion.

The Modalities Are Secondary

[Question] Are you going to modify your bill so that it agrees better with the Council's opinion?

¹Ed note: the "communes a facilities," or Dutch-speaking communities in the Brussels region that must make special provisions for the French-speaking minority.

[Answer] I am in the process of working on several amendments, especially on the modalities, with which the Council of State finds certain difficulties. But in my view, the modalities are secondary; it is the principle of knowledge of the language that is important.

[Question] You say that the modalities are secondary. In the Council's opinion, though, the vagueness surrounding them seems to distort the application of the principle.

[Answer] I had planned, if a communal council member lodged a complaint against another communal council member after the elections--after, I say; I am not against the elections, as the Francophones have suggested: the capacity to be a communal council member--nonexistence of certain bonds of kinship, for example--is always verified afterward: I had planned, then, an examination of level 4, the lowest, before the Permanent Secretariat for Recruitment, if there were no certificate of studies in the language considered. The SPR [expansion unknown] was rightly the organism designated by the law on use of languages in administrative matters. Fine, if the Council considers that it itself or the Permanent Deputation can judge knowledge of the language, that is its right, but there is a difficulty that I am not hiding and that the Council of State has perhaps not perceived. One must see the future: the Deputation of Limbourg said unanimously that Mr Happart was not worthy to become burgomaster of a Flemish commune--Fouron is Flemish so long as the law does not change, isn't it?--but what will the Deputation of Brabant, on which there are three French-speakers and three Flemish-speakers, do in similar cases? Here I foresee difficulties.

[Question] Didn't the Council want to temper the principle a little?

[Answer] No, it was very clear in its conclusion: the Constitution, nothing but the Constitution, and the entire Constitution.

[Question] The Galle proposal has now gone completely onto the political level. What do the Flemish parties want to do? Continue to support it, or be content with affirmation of the principle?

[Answer] But I was right on the political level, and now the government must apply the Constitution. I was aiming at a purpose: to say that the naming of Mr Happart was unconstitutional. The Council of State agrees about that, and it is now up to the government to say that it is going to take action for application of the Constitution.

[Question] The first consequence of that opinion will be that the mandate of all the French-speaking council members of the periphery is going to be contested.

[Answer] But many know Flemish well enough. Besides, there has to be a complaint.

[Question] A Flemish-speaking council member to make a complaint can easily be found anywhere.

[Answer] I don't know. At Linkebeek, I was told that there was no Flemish-speaking council member who would make a complaint. But in the last analysis, my proposal is not intended to cure, it is intended to foresee. All the woes that we have had in this country with the Happart case derive from the fact that there were no rules for foreseeing.

No Alarm Bell?

[Question] People are still talking about the fall of the government if the French-speakers sound the alarm bell.

[Answer] It was Mr Henrion who spoke on the rostrum about the alarm bell because people were not going to accept my proposal's being taken under consideration, and while there was still no opinion from the Council of State. Now that the Council has said that my proposal was entirely constitutional, I do not see why the alarm bell would be sounded. The alarm bell is not being sounded for the Constitution.

[Question] The government has got out of trouble on the point of the Galle proposal, then?

[Answer] It means that everyone is now waiting for what the government is going to do. Apply the Constitution or not? Now it cannot do otherwise, since the Council of State has said that the Constitution is there and that the government has the obligation to apply the laws of the Constitution. The Council of State goes even farther than my proposal. If Mr Nothomb wants to apply the Constitution, he should move as quickly as possible. Happart cannot remain a burgomaster, I regret.

[Question] Do you believe that many French-speaking ministers will agree to scuttle themselves?

[Answer] The Council of State has told them they are wrong, and they have to draw the conclusions from this. It is for this reason that I am happy with the opinion. Now they must choose, they can no longer camouflage.

[Question] And if Mr Nothomb does not move, what are you going to do?

[Answer] But the Interior Commission will decide what it should propose in a public session, after examination of my proposal and the amendments.

[Question] Therefore, if, as is murmured, certain parties want to go back to the ballot boxes at the same time as the European elections are held, it is in the government's interest not to move for another month?

[Answer] But the Council of State is still supposed to give its opinion on the Happart complaint. And I think that there is no doubt about it: the Chamber that will judge cannot go against the opinion that the Council has just given.

"The Healthy Thing Is to Adapt"

[Question] Certain Flemish people declare that the facilities system in the periphery is temporary. What do you think about this?

[Answer] Settling in a region which, according to the Constitution, belongs to a specific language means, as is known, that whether one likes it or not, one is going to have to deal with another language. Since the Walloons have always been in favor of monolingualism for Wallonia, I do not see why one should accept private persons' requests for facilities forever. The healthy thing is to adapt.

Note that a majority is needed in order to challenge the facilities, and it is impossible to find that majority. But when Cools' grandfather went to settle in Wallonia, he adapted, he learned French, and he did not have any trouble. Why always look for trouble in the others' region?

[Question] You talk about Andre Cools. To be precise, you are a Flemish Socialist, and a division between socialists of the north and of the south is superimposed on this quarrel.

[Answer] I adore Andre Cools. But everyone has this linguistic virus for the time being. It is a shame. But what he said about the 3,000 Flemish of Cockerill, he did not say in a moment of passion. He had already said it in 1983, in a Chamber committee meeting. Thus it is not by chance. But it is bizarre that he said it as a Socialist. A worker is a worker. The groups no longer manage to talk among themselves, there is no more dialogue except between individuals.

[Question] Do you still believe in Belgium?

[Answer] There is a way to save Belgium, by designating clearly what will be regionalized, by clarifying the situation. It is this clarification that is necessary, because there are other problems in this country besides the linguistic problem. And the solution has to be found in the Parliament, not in the Fouron prairies.

[Question] Did you want to cauterize the wound, even at the risk of making the patient howl?

[Answer] It is better to take timely measures than to let wounds fester.

11267

CSO: 3619/30

ANALYSIS OF KYP 'POLITICIZATION'

Athens POLITICA THEMATA in Greek 27 Jan-2 Feb 84 pp 17-18

/Article by Mikh. Melas/

/Text/ Certainly few would like to indulge in comments and criticisms about an agency which is known as an all-powerful institution, insidious, invisible and yet ever present. One of the nation's shields.

It hits and it is being hit! It hits secretly and it is being hit publicly. It has the privilege of being virtually beyond check in the sense that it does not give account for its actions or omissions. It has the cover of secrecy which gives it tremendous power. It has, or often acquires very broad powers and it has at its disposal the military services and the security corps.

A behind-the-scenes force which every government has every reason to oversee both for its activities and conclusions that come out of the information it supplies. It has proven that at times it can get out of control and be harmful. Its stated objective is not to become a "supergovernment" or a "parasite" but merely a valuable agency for the protection and defense of the country's independence. If the Central Intelligence Service /KYP/ had limited itself to this role during the 50 years of its existence, it would not have been blamed justly or unjustly--rather the former.

It has the advantage of having access to every information source it wants. It has also the great disadvantage of depending on conclusions, suspicions, poor or inadequate information from innumerable agents throughout the country who acquire, usually unreservedly, prestige and persuasiveness and even worse, the ability to pass on subjective perceptions and prejudices of every kind. Often in the past this agency was misled and at times embarrassed because it listened too eagerly to findings and recommendations which lacked reliability. Such cases, however, were the exception, not the rule. The eager accusers know this quite well.

The problem now is purely political. For this reason, it is necessary to investigate dispassionately the origins of the draft law which was prepared "by immediate associates of the premier and on his instructions." We begin with what has been written in the pro-government press in the last few days,

namely, the criteria used by the present reformers of KYP so that the Left--united no doubt--will move to vote for the bill which regulates the future structure and functioning of the agency in conjunction with the political orientation of the governing party.

But first it is necessary to separate the two basic objectives of the draft law which complement each other.

First, there is a restructuring, merging, or abolition of services, branches, or positions of every category, rank, or specialty, and the redefinition of their new responsibilities and personnel composition.

Second, it establishes the special qualifications for each branch or specialization, the lower ranks and the corresponding qualifications, hiring procedures, etc. It specifies also the qualifications or capacities of those in charge of the various services. The premier can be authorized through a presidential decree to regulate special questions at his discretion.

We have, therefore, a restructuring of KYP with merging or abolishing of services and positions, and a change in responsibilities as well as a change in direction. At the same time, we have the removal of the bulk of its personnel--which apparently does not have the confidence of the party--with the familiar method of abolishing branches and all kinds of positions. And in their place, we have the hiring of PASOK followers by establishing the necessary "qualifications" which correspond to the available material...

If we take into account the quality of the "green guards" who have flooded the civil service and the dramatically limited qualifications they have--beyond their membership in the "PASOK branch organizations"--the conclusion with regard to the future efficiency of the "restructured and renewed" services of the KYP does not allow optimism even to the most optimistic.

If there was a sincere and correct information on the true objective of this "improvement" campaign, we would probably learn that the main interest lies in the surveillance of the activities of the opposition (i.e., of the non-leftist) forces in the country, maybe in view of elections.

This surveillance, which today is characterized as "neo-stool pigeon process," resembles in a chilling manner the precedents of the Fourth of August and of the junta period, especially within the civil service and in the provinces. (In fact, in the provinces, the reading of KATHIMERINI is considered as proof of "reaction", therefore of a "bad Greek" and a bad public servant. The PASOK newspaper vendors report to the PASOK Neme Committee the names of public servants who buy "rightist" newspapers.)

What we can foresee with certainty is that if KYP is deprived of its authority to keep under surveillance--even as a mere spectator as it has been since 1974--"militant elements" of both extremes, the present balance in keeping an eye on their possibly sinister intentions will be lost.

The KYP reports, always confidential, were presented only to the premier and certain ministers in the past. Therefore, why abolish the surveillance of both extremes--which painfully safeguards our national security from unforeseen developments--since only the premier will be informed from now on? Does not he want to know what is happening in "the Kingdom of Denmark"? Does he not care? Is he so sure of the sincerity and friendship and love of all the other "Democratic forces"? Does he believe that if some day the strength of the extreme Left--which so much benefits now--reaches a high point, the Left will keep him in power?

Only if PASOK and KKE were to merge, Papandreou would be probably justified in believing that he was not threatened by the strengthening of the extreme Left. But from the moment their relations are limited to an ideological flirtation and to mutual concessions to achieve the common goal of "never again the Right in power" it is probably risky for the premier to abolish the surveillance of the invisible and camouflaged movements and initiatives of individuals and organizations of KKE under their various names and disguises.

Whether Papandreou understands it or not, he is playing with fire showing that he ignores the danger from the growing activities and glamorization of the entire spectrum of the extreme left forces, without exception.

If one were to recall some earlier verbal outbursts of the premier against KKE as being "inspired and directed from foreign centers" the above observation gains in weight, proving simply a certain change in direction.

The way Papandreou goes on enacting laws favoring openly the extreme left forces in the country, how will he be able to avoid at some point the harsh question: How does he fail to protect himself from the growing suspicion that deliberately or not he serves as the "Trojan horse" of communism in Greece, with his insistently destabilizing legislation?

Two Periods

It is useful to state that, contrary to what is claimed by pro-government newspapers for the sake of gaining votes from the left, KYP's past activity goes through two separate periods. The period before July 1974 and the period after. Therefore, since during the period 1974-81 KYP worked mildly and in no way harmed the parties of the Left and their followers it had moved away from older habits and methods, in full observance of the spirit of legalizing KKE in the summer of 1974.

No one can question that this bold political action by K. Karamanlis--which was repeated later in Spain--initially displeased very seriously the followers of the traditional Right. The communists--if not the wild standard-bearers of PASOK--acknowledge that since 1974 they have enjoyed complete freedom without the pressures of the past.

What, then, is the meaning of the outburst by PASOK newspapers with such slogans as "The state is anti-communist with proof and information supplied by KYP. Its target is communism, even after the legalization of KKE. KYP has its ears open for any information relating to the communists."

Those who had their ears wide open in all directions were doing the right thing. Only in this way one can avoid the unexpected, the unpleasant, the finished facts. If the government in 1967 had its eyes and ears more open the 21 April 1967 coup would not have happened. A bitter truth!

But perhaps someone should find the courage to acknowledge that PASOK was not suddenly disturbed by the KYP surveillance of suspicious or questionable moves by KKE followers.

At least as much or even more PASOK is annoyed by the fact that we see revealed constantly the transparent unity and identification of KKE and PASOK in activities, movements of Soviet inspiration and leadership such as peace committees, peace concerts, initiatives of persons and groups for the "liberalization" of the conditions of education and the living conditions of the soldiers (!). Struggles for democracy in the army (?), protest rallies against the American bases (in spite of the well-known assurances by Papandreou that the bases are expelled and are leaving...), etc.

What is behind this politicization of KYP? Is it that those who, as I said, claim that this new draft law has a pre-election smell are right? Should I dare relate this draft law with the articles of pro-government newspapers which called KYP "a hatchery for violence and fraud" (without defining what time they refer to!). As "masterbuilders of ASPIDA /Officers Save Fatherland, Ideals of Democracy and Meritocracy/" as PASOK candidates in 1981 wrote on their poster photographs proudly...an officer of the ASPIDA. Who was, after all, this master builder?

And why not mention another point of the same articles, more remote but also more contemporary? "KYP, faithful servant of Frederica and of the Royal Court." Something here connects the changes in KYP and its new structure and connection under PASOK with the peace marches, the moves and movements of the Greek women, and at a supergovernment level at that. Is it possible that Frederica lives under a socialist garment?

But what is the relation of the "national issues" to these narrowly partisan prospects? Is the monitoring of the national issues related to the responsibility KYP had until now to keep an eye on suspect and very strange stories like that of Norwegian Arne Trehold, the personal friend of the Greek premier, who was also a spy for the Russians?

PAPER VIEWS POLL IN WHICH FINANCE MINISTER SCORED HIGH

Oslo AFTENPOSTEN in Norwegian 9 Feb 84 p 2

[Editorial: "Sound Reaction"]

[Text] Can the latest opinion poll on the popularity of Cabinet members be viewed as an indication that people understand more than the Labor Party thinks they do concerning the importance of stringent policies in our current situation? There is much that suggests this is the case. Without laying too much weight on the particular numbers, it is obviously correct to state that the Opposition's daily barrage has not noticeably affected how the Cabinet members--and particularly those most under attack--stand among the voters.

This phenomenon was particularly well illustrated in the last British election, when Prime Minister Margaret Thatcher--after much stronger economic medicine than we have experienced in Norway--gave Labour the biggest punch in the nose in memory. Similarly, Prime Minister Poul Schluter's Conservative Party made a formidable advance in the recent Danish parliamentary election. In the midst of unemployment, which in Denmark is sky-high compared to Norway, Anker Jorgensen's Social Democrats suffered a marked setback.

We have previously characterized the voter reactions in these two countries as healthy and responsible, and as an indication that an Opposition cannot gain anything by buying self-popularity with cheap remedies. Nothing will be more uplifting for the future than that the same can be said about the Norwegian electorate. We have particularly taken note that according to the opinion poll which AFTENPOSTEN made public on Tuesday, the prime minister, the local government minister, and the labor minister have the confidence of the people, and that the social minister's popularity-curve is clearly turning upward. It is particularly these three cabinet members who have received the strongest attack from the opposition.

This ought to be provocative stuff for Gro Harlem Brundtland and her party. In part, the opinion poll indicates that the agitation against the government has extremely limited effect. But it also indicates--along with subsequent monthly barometers--that the Opposition's own alternatives are lacking in appeal. The Labor Party's support is standing still--and this, under conditions which traditionally should make it easy to be in the opposition.

During the last year of the Borten government, when we still were in the economic up-turn, the Labor Party was up over 50 percent in the opinion polls. The reason for this was that the then-ruling government went to pieces. The opposition made steady advances without having to do anything whatsoever. Today, the governing parties are working together loyally and solidly, while the Labor Party is doing a lot of strange things. The result is that the ruling parties have comparatively stable support and the wailing of the socialistic parties pays no dividends. This indicates good common sense among the Norwegian public.

12578

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POLL FINDS WILLOCH, PRESTHUS AMONG MOST POPULAR IN CABINET

Oslo AFTENPOSTEN in Norwegian 7 Feb 84 p 5

[Article by Alf Seeland: "Presthus is on the Right Course"]

[Text] The Opposition's criticism is not working: Half of the people believe that Kare Willoch is doing a good job as prime minister while 41 percent are dissatisfied. At the moment the strongest showing is by Mona Rokke as justice minister. She gets "pluses" even from Labor Party voters. Rolf Presthus also has more supporters than opponents as finance minister, while the Cabinet's primary activities have difficulties "selling themselves". Social Minister Leif Arne Heloe's curve is rising.

These "average grades" appear from an opinion poll conducted by the Norwegian Opinion Institute for AFTENPOSTEN in December of last year. A similar opinion poll in September 1983 gave the prime minister 54 percent satisfied voters. Mona Rokke was also at her peak then, with 6 percent greater support then than today. At the moment it appears that increasing unemployment has not caused Local Government Minister Arne Rettedal to suffer. As in September, 42 percent continue to believe that he is doing a good job, while 31 percent respond that he has done a bad job.

Common to the coalition parties' banner carriers, Kare Willoch, Kjell Magne Bondevik and Johan J. Jakobsen, is that they have strong support from members of their own parties. The prime minister receives approval from 93 percent of Conservative voters, the church and education minister 91 percent from the Christian Democrat group, while the transportation minister has a formidable advance from 71 to 87 percent among Center Party supporters. Bondevik has in addition nearly a balanced account among members of the Labor Party.

Rolf Presthus' strong position is noteworthy. The position of finance minister traditionally is synonymous with the "no" member of the Cabinet, and difficult economic times should not make things easier for him. There is much which suggests, therefore, that he has won credibility with his words that we are "on the correct path" in the economy. He receives a solid majority from Hagen's protest party as well.

That which is problematic with the study is represented by Agriculture Minister Finn R. Isaksen, Fisheries Minister Thor Kistau, Developmental Aid Minister Reidun Brusletten and Environment Minister Rakel Surlien. All of them receive low scores in the opinion poll--also from members of their own parties. None of them is regarded in the political environment as a dunce, but their departments are generally unknown by large groups of the population. These Cabinet members have been unable to reverse this trend. The "do not know" group is large.

That this is not necessarily the case is demonstrated by Consumer Affairs and Administration Minister Astrid Gjertsen. Her department has not always been in the forefront of people's consciousness, but the present Cabinet member, through a reorganization of regulations and rules, "public action," and other initiatives, has created a position of popularity for herself.

With the sole exception of the environment minister, the Cabinet members are less popular in northern Trondelag and northern Norway than elsewhere. This is particularly the case with the prime minister, who has support from more than 60 percent in Oslo/Akershus, Bergen and Trondheim, but only 43 percent in the North.

[Chart on following page]

Question: Do you believe that the under-named is doing a good or a bad job as X-minister?

	Evaluated by all those questioned		Evaluated by members of own party	
		1983		
	Sept.	Dec.	Sept.	Dec.
<u>DOING A GOOD JOB:</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Prime Minister Kare Willoch (Conservative)	54	50	95	93
Foreign Minister Sven Stray (Conservative)	48	43	75	67
Finance Minister Rolf Presthus (Conservative)	50	48	85	85
Oil and Energy Minister Kare Kristiansen (Christian Democrat)	35	36	70	67
Transportation Minister Johan J. Jakobsen (Center)	52	48	71	87
Church and Education Minister Kjell Magne Bondevik (Christian Democrat)	57	56	86	91
Trade Minister Asbjorn Haugstvedt (Christian Democrat)	40	39	60	59
Agriculture Minister Finn T. Isaksen (Center)	30	29	57	48
Local Government Minister Arne Rettedal (Conservative)	42	42	60	72
Environment Minister Rakel Surlien (Center)	34	34	41	53
Developmental Aid Minister Reidun Brusletten (Christian Democrat)	26	30	41	45
Culture Minister Lars Roar Langsle (Conservative)	53	51	74	83
Health and Social Affairs Minister Leif Arne Heloe (Conservative)	35	41	53	69

[Continued on following page]

Fisheries Minister Thor Listau (Conservative)	32	33	47	52
Defense Minister Anders C. Sjaastad (Conservative)	53	49	80	84
Justice Minister Mona Rokke (Conservative)	64	58	78	79
Consumer Affairs and Administration Minister Astrid Gjertsen (Conservative)	47	46	65	72

Approximately 1,000 people over the age of 15 were interviewed in the middle of December 1983. The Minister of Industry has been omitted by reason of the recent replacement.

Norwegian Opinion Institute A/S

12578

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POLL CONFIRMS TREND OF INCREASE IN CONSERVATIVES' SUPPORT

Oslo AFTENPOSTEN in Norwegian 18 Feb 84 p 3

[Excerpts: "Conservatives Up Again, Labor Loses"]

[Text] New increases for the Conservatives, new losses for the Labor Party. This is the trend which is confirmed by the most recent opinion poll in the January polling by Norway's Market Data.

The Conservatives will soon have recovered the ground lost last fall. After having had a voter support of 26.1 percent in Market Data's poll, the Conservatives are now up to 28.7 percent.

The Labor Party lost 1 percent between December and January; voter support in the current poll is 38.9 percent. Interviews were conducted during the period from 18 January to 8 February, and possible effects of the Treholt Affair should, therefore, be fully reflected in the latest study.

The Progress Party also continues its decline from a high point of 9.3 percent in November. According to Market Data's January measurement, the Progress Party's voter support is 7 percent.

The other two members of the governing coalition--the Christian Democrats and the Center Party--registered no significant changes.

[Chart on following page]

GALLUP'S POLITICAL BAROMETER

Political Party	Parliamentary Elect. Sept. 1977		County Council Elect. Sept. 1979		Parliamentary Elect. Sept. 1981		1983 Mar/Apr.		County Council Elect. Sept. 1983		1983 Oct.		1983 Dec.		1984 Jan.	
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Red Electoral Alliance	0.6	0.8	0.7	0.7	0.7	0.7	0.7	1.2	0.6	0.7	1.1					
Labor	42.3	36.2	37.1	39.9	37.4	39.2	39.3	39.9	38.9							
Norwegian Communist	0.4	--	0.3	0.1	0.2	0.4	0.3	0.4	0.4							
Socialist Left	4.2	4.4	5.0	5.1	5.2	5.3	5.8	5.5	5.9							
	47.9	41.4	43.1	45.8	43.5	46.1	45.9	46.5	46.3							
Progress	1.9	2.5	4.5	6.0	6.6	6.3	8.3	7.9	7.0							
Liberal People's Party	1.4	1.2	0.6	0.4	0.5	0.7	0.5	0.4	0.3							
Conservative	24.8	29.7	31.8	29.3	31.4	26.2	26.8	27.6	28.7							
Christian Democrat	12.4	10.1	9.3	8.5	7.0	8.8	8.1	7.8	7.9							
Center	8.6	8.6	6.6	5.7	6.7	7.3	6.2	5.5	5.7							
Liberal	3.2	5.3	3.9	4.1	3.9	4.4	4.0	4.2	4.0							
Other	0.2	0.6	0.2	0.2	0.4	0.3	0.2	0.1	0.2							
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0							
Replies re party preference			1141	1081			1075	1142	1177							
Total number interviewed			1388	1314			1265	1340	1423							

The barometer results from each party being weighed in relation to the 1981 Parliamentary election.

Estimated statistical errors can be approximately 3 percent for voting percentages near 50 percent, approximately 2 percent for voting percentages between 10-20 percent, and approximately 1 percent for lower voting percentages.

Interviews were conducted in the period between 18 January and 8 February 1984.

Oslo, 17 February 1984

Norway's Marketing Data A/S

12578

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ERLING NORVIK RETURNING AS CHAIRMAN OF CONSERVATIVE PARTY

Clearer Party Profile Wanted

Oslo AFTENPOSTEN in Norwegian 18 Feb 84 p 3

[Article by Terje Svabø]

[Text] "They never come back." The old saying from American boxing rings does not apply to Erling Norvik. Although leading politicians within the Conservative Party had more or less written off Erling Norvik as a candidate for new top-level positions, the rank and file had other plans. They had never forgotten "the fellow Erling" and were extremely dissatisfied with the unobtrusive position that he occupied toward the outside world as the spokesman to the press of the party. Representatives of Conservative Party districts got together and devised a plan of action to get Norvik back. When, last Monday, AFTENPOSTEN published the letter from the Finnmark district of the Conservative Party, it was no longer possible to stop the action. Benkow was informed of this, also by his close colleagues.

The events of this week will go down in the history of the Conservative Party. Never before has a chairman who has stated his willingness to accept re-election been turned down as quickly. Any attempts to represent the events of the last few days as the result of a single letter from the Conservative Party in the Finnmark district ought to be discounted on account of the absurdity of the very idea. Norvik's friends and those who took action on his behalf achieved their objective, and the gratitude among them is great.

To Benkow, the letter from the Conservative Party in the Finnmark district came as an unpleasant confirmation of a growing suspicion. Until last week he was still unfamiliar with the action started by spokesmen within his own party to persuade Norvik to run again for the post of party chairman. There is reason to believe that, last Monday, Benkow had no idea at all that he would be announcing his resignation as party chairman on the following Wednesday.

What happened from Monday to Wednesday morning?

First of all, politicians in Norway witnessed a very quick reaction to the move on the part of the Conservative Party in the Finnmark district. Several county party organizations took action, either through direct support of Norvik or in ways which made Benkow realize that he no longer commanded the necessary confidence.

On Tuesday afternoon, Benkow had talks with a few of his close colleagues. The conclusions drawn from these talks were not encouraging to the party chairman. He was told that the process which had been launched would be difficult to stop on account of Erling Norvik's extremely great popularity within the Conservative Party.

After these talks, Benkow got an idea of what might happen, and his suspicion was confirmed on Wednesday in a talk he had with Prime Minister Kåre Willoch and Erling Norvik. Here, Norvik declared his candidature without any protests on the part of the prime minister.

The role played by Willoch is very interesting. There is little doubt that Willoch could have stopped the process which had been started. He did not. On the contrary, there is reason to believe that Willoch welcomes the division which is now taking place. The prime minister has not been content with Benkow's rather casual style and the priorities he put on time. It is part of the history of the party that after the election victory in 1981, Willoch asked Benkow to withdraw as chairman with his laurels intact. Benkow did not take his advice--not at the time.

During the launching of Erling Norvik as the new chairman of the Conservative Party, there has been contact between persons in Oslo and the various districts in Norway. The chairman of the Conservative Party district organization in Finnmark, Harald Paulsen, did not write his letter until he received the signal from Oslo that Norvik would accept the post of chairman if Jo Benkow resigned. Nobody is prepared to state from whom Paulsen received that information.

The process which culminated on Wednesday was in many ways started at the national congress of the Conservative Party held at Hamar last year. At that meeting, Hans Svelland, city commissioner at the time and now deputy spokesman in Oslo, made a speech on the importance of giving the Conservative Party a free rein. His contribution to the debate attracted a certain amount of attention, but an even wider debate followed when last summer Svelland wrote an article in AFTENPOSTEN in which he advocated a division of the tasks of parliamentary leader and chairman. Several other party members have subsequently indicated that they support the idea of such a division. Among them, Kåre Willoch and Erling Norvik.

Last summer, the party county secretaries made the demand for a better marking of the profile of the Conservative Party. The demand on the part of the county secretaries was discussed in meetings both with Benkow and Willoch.

The events of the past week show that this was not the end of it, the process started, involving county secretaries and county chairman in central

positions. It must be described as pathetic that attempts are now being made afterwards to minimize the activities on the part of further county organizations. The rank and file have got it the way they wanted, and one will then have to stand by it.

Only the future will show whether the Conservative Party made a happy choice. Bad blood among leading politicians has been one of the consequences.

Another consequence is that several lukewarm spokesmen will presumably become rekindled with enthusiasm after Norvik has been maneuvered back into his seat as party chairman. Everybody familiar with party organization psychology will know that this may be of great significance.

Whether it will be sufficient, we shall get to know after the decisive elections in September of 1985.

Christian People's Party's Bondevik Comments

Oslo AFTENPOSTEN in Norwegian 20 Feb 84 p 3

[Text] The marking of the profile of a party must always take place with due regard to the cooperation existing at the moment. If this is not the case, unbridgeable gulfs may be created between the demands raised and the results to be expected. This statement was made by Minister Kjell Magne Bondevik, chairman of the Christian People's Party, in his speech at the annual meeting at Møre and Romsdal of the Christian People's Party, held last Saturday. With clear reference to Erling Norvik, the chairman of the Christian People's Party stated: It is a misconception to believe that a party which elects a chairman who is not a member of the government and parliament will have its hands freer than the two other parties.

Bondevik went on to make his point even more clearly: It is the parties which participate in the government, not individual persons. The fact that Erling Norvik is elected chairman of the Conservative Party does not, of course, give him a freer rein than others.

The chairman of the Christian People's Party is in no way unfamiliar with the need to mark the profile of a party even if that party participates in a coalition government. But here the balance is important, he pointed out: It is important for us to get across to the voters what the policy of the Christian People's Party is about. It is only on this basis that we can obtain support and thus also create a majority for government alternatives. But if a party participates in a government cooperation, that party will also have to see to it that it has the support in the Storting on essential issues. This requires a willingness to compromise as well as adaptability. Once a decision has been made, we have to show loyalty toward it.

In my opinion it is entirely possible to find such a balance, Bondevik said in his clear message to his fellow party members at Møre and Romsdal.

"The party organization must be actively engaged in shaping the policy of the party and in furthering its positions among us in government and parliament. Then we shall work for the support of these positions among the other parties. When the bills have been adopted, we will support them, even if they do not always comply fully with the priorities set by the Christian People's Party itself."

Bondevik also commented on the government's most important issue: The fight against unemployment.

"A far stronger public stimulation of the domestic demand is the wrong medicine for solving the current economic problems in Norway," the chairman of the Christian People's Party pointed out. "It may easily lead us into the vicious circle of the seventies which we are now in the process of breaking out of. The struggle against unemployment will have to become intensified, but not through measures which become repetitions of previous mistakes. I am surprised that a few economists are now recommending economic measures which may endanger workplaces," Bondevik said while drawing attention to the fact that the government has succeeded in reducing the level of price increases to 6.4 percent, whereas the record level during the seventies when the Labor Party was in charge of the government was twice as high.

"We have created the basis for far greater competitiveness. However, in order for the goal to be reached, the rate of inflation will have to be reduced further in 1984. Our achievements in this area may readily be negated, for example by opening the channels for a far greater public stimulation of the domestic demand. However, it is now a question of safeguarding the results we have achieved and ensuring that they will have an effect on our competitiveness."

The role played by the Christian People's Party in the government cooperation was also commented upon by Bondevik. "The policy has been directed in the right direction in several areas in which we are interested," the chairman of the Christian People's Party said while drawing special attention to the increase in the aid to developing nations, the oil policy, the efforts on the part of the Ministry of Trade and Commerce to strengthen the position of Norwegian exports, the new legislation on folk high schools [schools having general cultural courses not leading to any degree; translator's note], and the current revision of the legislation governing private schools, strengthening of the work in schools for increased motivation among students through revision of the pilot plan, and the efforts to grant the Church increased autonomy, first and foremost in respect of questions of theology.

Center's Chairman Issues Warning

Oslo AFTENPOSTEN in Norwegian 20 Feb 84 p 3

[Text] We shall have to address a clear warning to the "sergeants" of the Conservative Party who have now taken the command to create a new party leadership and a new strategy for the party's work in government position. It is to be hoped that Erling Norvik will be wise enough not to take on the role as the

government's opposition politician--a role which many people within the Conservative Party probably will want to attribute to him."

The above warning was issued by the chairman of the Center Party in a speech at the annual meeting of the Vestfold Center Party, held at Våler last Saturday. Svein Sundsbø wished Norvik success in his task as chairman and went on to say: "It would be harmful to our entire society if the Conservative Party acted in such a way that the Progressive Party will continue to grow at the cost of the Conservative Party, or if voters became alarmed and decided to join the Labor Party instead. The country needs peace and vigor among the government parties. That is why the decisions made by the Conservative Party are important for all of us.

The events within the Conservative Party at present may easily come to harm not only the strength within the government itself but also the cooperation among the three parties. Those grassroots members of the Conservative Party who are now calling forth the star marking the profile of the party during the opposition years, ought to have learned from the experience of recent years that it may be dangerous to create expectations which cannot be fulfilled in the world of reality. We within the Center Party might, of course, say that this is the problem of the Conservative Party, but the way the political situation is at present in this country we cannot afford having the largest government party lose itself in decisions of internal tactics.

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CSO: 3639/74

CUNHAL SUMMARIZES CONCLUSIONS OF 10TH PCP CONGRESS

Lisbon AVANTE in Portuguese 19 Jan 84 pp 4-5

[Transcription of the impromptu introduction by Comrade Alvaro Cunhal at the session of clarification held last Saturday at the SFUAP at Cova de Piedade]

[Text] In our Tenth Congress an analysis of the situation was made, the future of our activities was established and thought was given to the great objectives it is necessary to reach in the defense of the interests of the workers and to guarantee the continuation of the Portugal of April.

Little time passed, it is true, after the Tenth Congress. In this space of time there was Christmas and New Year, a time in which conditions are not too favorable for a more intensive activity. However, even so, it is important to ask whether perhaps events which have taken place since our congress do or do not confirm the analysis made, the orientation established, the prospects opened by our party.

In our viewpoint, all that which has happened since the Tenth Congress confirms that the analysis, orientation and prospects presented by the Party Congress continue to be confirmed in the everyday life of our country.

I am not going to develop the great theories of the congress in this first speech. I believe it will be more favorable to do it later in discussions, questions, in problems posed, to develop some aspects. But if you agree, I will as of now refer to some of the basic conclusions and some of the events subsequent to the Congress which confirm the evaluation made at the time.

One of the basic questions dealt with by our Congress was that of defining the characteristics of the democratic system in which we live; whether or not, in the Portugal in which we live, with the constitution we have, with the political life we have, can the gains the workers have attained in the social sphere and in the sphere of the structures of our economy (nationalizations, agrarian reform, workers rights) be separated from the freedoms and rights of the citizens.

That is, can that which was achieved in the economic and social area--the revolutionary changes which were made with the April Revolution--be separated from the freedoms and rights of the citizens? Said in another way: Can political democracy be separated from economic and social democracy?

Our Congress answered negatively. The Congress answered by saying that the freedoms and rights of all the revolutionary changes made, particularly everything that has to do with the rights of workers; nationalizations (with the liquidation of monopolies), agrarian reform (with the beginning of the liquidation of large landholdings), are inseparable. Everything having to do with political democracy and economic and social democracy is inseparable.

An attack against nationalizations, agrarian reform; against the rights of workers is at the same time accompanied by an attack against the rights of citizens.

If there is an attack against agrarian reform, it is accompanied by violence; if there is an attack in business aimed at capitalist recovery, there comes an all-out attempt to limit and even liquidate union rights, the rights of workers committees, the intervention by workers in factories and business.

The offensive against the great revolutionary gains such as nationalizations and agrarian reform has always been accompanied by an offensive against freedoms and rights of the citizens, against political democracy.

This is a particularly important conclusion and here, in the council of Almada itself, it can be confirmed that despite the great strength of the working class and of its organization, in many enterprises there is the attempt to restrict the rights of the workers, the right to hold plenary meetings (such as the case, for example, of the Alfeite Shipyard, although with some justifications); there is an effort to restrict, and if possible liquidate, the rights of the workers, the freedom of the workers obtained with the April Revolution.

We can also see how they are already announcing law bills, an entire regulatory legislation that will affect basic rights, such as that of association, demonstration, union rights and freedoms in general, including the media.

A short time ago I had the chance, before coming here, of attending for some minutes a debate on television in which Dr Almeida Santos and a representative of the Journalists Union were engaged.

In my opinion it is too bad, from what I heard--because when I left the television studio the debate had not yet ended--that Dr Almeida Santos was not told some truths in a clearer form than that which was being used. This is a law bill on which Dr Almeida Santos said he was open to discussion, that the government was receptive to opinions, that it would even consider some changes to that bill.

However, what was hidden there is that the bill on the media, particularly the rights of journalists, strongly restricts the freedoms and rights of journalists, it strongly limits the freedom of the press won by the April Revolution.

They seek, for example, among many other aspects, to require that the journalist reveal the source of his information; they seek by restrictions that which they call "information which may affect the internal security of the State." We already know that in the time of fascism all the pretexts raised around "the

internal security of the State" were for silencing the voice of the Portuguese so as to prevent their speaking.

But that is not all. New laws or new bills having to do with union organization, union association are being announced. In that respect, without going into details, finding ourselves in the middle of January it is well to recall that within days an important date in the struggle for union freedom, for union rights of workers will be commemorated: 18 January.

What was 18 January 1934?

Many times the profound reason for that worker uprising of Marina Grande, accompanied by other forms of protest and intervention by Portuguese workers precisely on that date, is forgotten.

Since 28 May 1926, date of the fascist coup, there had been continuity of the worker union organizations. During the early years of the dictatorship the workers managed to maintain their free unions; they managed to continue to defend their basic interests within the unions.

However, fascism, which understood the importance the workers union organization had, pushed for a law through the National Work Statute of 1933 whereby the workers had to submit to the government and the new statutes for the unions, the unions having to be controlled by the government.

It was against this attempt at giving the unions a fascist character that the working class revolted on 18 January, which we shall commemorate in a few days.

It seems, however, that this government does not understand that union rights are sacred rights of the workers and that under no circumstances will they capitulate before the attempts to restrict or liquidate them.

...the government says there are no resources for the workers, resources for resolving problems. It is a veritable mockery that after the floods and the promises made by the government, when damages of more than 4 million contos have been confirmed, the government distributes the crumb of 9,000 contos through the local authorities for dealing with the damage caused by the floods.

For the capitalists there are millions of contos, but for resolving the problems of our people, the most immediate and therefore the most urgent problems, the government throws some crumbs as if it were doing a great favor, to those who are suffering the consequences of its policy or of storms, such as in the case of the floods.

It is interesting that not only the practice of government action but also its theorizations reminds us of old words. For example, let us look at these: "It is undeniable that a general rise in wages causes a corresponding rise in prices."

For the comrades who were already working in the worker movement before 25 April, they must have certainly heard this many times; they heard talk about the vicious circle of inflation many times. This means that if there are rises in wages the workers gain nothing by that because prices have to rise immediately.

That was the philosophy of fascism. However, the words I have just spoken were not those of fascism, they were those of Dr Mario Soares!

That means that the same basic ideas against the workers that inspired the fascists before 25 April are already beginning to appear in the theorization of the present members of the government. Since they have little imagination and sometimes even little knowledge, they are led to repeating formulas which are well known by the workers who fought against fascism for years and years.

Another question dealt with by our congress is linked to this one about the offensive against the gains of the revolution and has to do with the causes of the crisis. What are the causes of this profound crisis?

The comrades know perfectly well that the men of government have said: "The fault lies with the workers after all; with the agrarian reform, with Goncalvismo. There is where the fault for the present crisis lies."

But we all remember that what they call Goncalvismo lasted only a few months. They had all the power, all the government since 1976. They had 76, 77, 78, 79, 80, 81, 82 and 83; 8 years passed and instead of resolving the problems they have aggravated and aggravated and aggravated them more and more.

Contrary to what the government says, we say: The reason for the profound economic crisis through which our country is going is not the revolutionary gains of the people; it is not the liquidation of monopolies; it is not the nationalizations, it is not the agrarian reform. The profound cause of the crisis we are undergoing is the war that has been led against revolutionary gains: it is the war against nationalizations, it is the attempt to destroy nationalized enterprises so as to turn them into private enterprises again; it is the war led against the agrarian reform with the delivery of thousands and thousands of hectares of land to the large landowners, land which was left abandoned later; it is the war against the rights of the workers which leads to the decline in production, to unemployment, decrease and restriction of the domestic market. This policy is the fundamental cause of the crisis!

Our congress also stated that it is not now only the matter of a policy. It is a matter of a veritable crusade in which the government, using power, seizes wealth, and property and they go from the state, cooperatives and workers into the hands of the capitalists.

It seizes the lands of the agrarian reform and gives them to the large landowners; it seizes hundreds of millions of contos of the state and gives them to the capitalists; it seizes the profitable sectors of many nationalized enterprises and also gives them to the capitalists. It disarticulates, dismembers and breaks up nationalized enterprises to give away all that can be of benefit to private capital.

And it seeks to liquidate these conquests even if it means at the price of the ruin of our economy. The buzzards are hovering over the Portuguese economy, which the government is leading to disaster.

Champalimaud, who is preparing to return to Portugal, is hovering; the Mellos also say that they are in a condition to reorganize their economic and financial empires once more.

With the actual policy of the reactionary forces, they will ruin the Portuguese economy so that they may justify its delivery to the "savior" capitalists, who will appear linked to the foreign monopolies who will take it over.

But our people are not going to let them! They are not going to let them ruin our economy! And this, which is a crime against the national economy, which is a crime against the workers, which is a crime against democracy, is visible to all of us.

There are, however, sectors of Portuguese public opinion who do not see that all this policy is accompanied by more and more serious restrictions of our national independence in the economic, political, diplomatic and military areas.

Every step the government takes in the direction of the destruction of the revolutionary gains, is a step it takes in the direction of restricting our national independence.

It is the agreement with the IMF in which burdensome loans for our economy and our independence were made; it is the very question of the EEC; it is the question of the two military bases on the continent, which it is said are under negotiation. Thus, here in Almada, I believe it is not necessary to go any further, we see atomic submarines carrying nuclear weapons anchor at Tejo from time to time.

Among other demands our party makes with respect to foreign policy--and our congress emphasized them once more--is that the port of Lisbon no longer be used by nuclear submarines equipped with nuclear weapons because that is a serious danger to our safety and to our lives.

With respect to Portuguese foreign policy, submission to the Americans is such that it is worthwhile to read the interview which some days ago--more exactly on the 7th--the North American ambassador in Portugal granted to DIARIO DE NOTICIAS. He states, for example, with respect to African policy, that "in the perspective of American interest, Portugal is beginning to reestablish a western presence in Africa."

It is seen very well how the policy of this government serves American interests. The ambassador himself says it. He has the courage to say it to a Portuguese newspaper printed in Portugal. It is seen very well how in Africa the government is ready to serve the Americans.

And when we say they are words of false friendship this government proffers to the Angolan people and the Mozambican people, this is entirely the truth. They are in fact false words which help the conspirators, which help UNITA, which help the recruiting of mercenaries, which seek to create the conditions for Angola and Mozambique to have the possibility of a change of system, which the Americans also want.

Naturally it is up to the CGTP-IN [General Federation of Portuguese Workers National Intersindical] to decide whether it will or will not participate in a so-called Social Agreement Council. However, it will be very unlikely that the workers will accept this "absurdity" of a false Social Agreement Council in which management and the government would always have the chance to say that after negotiations the majority had voted for solutions contrary to the vital interests of the workers.

Also demonstrated here is an attempt to damage the basic rights of the workers, in this case under the disguise of a pretended social agreement.

Finally, still on matters of freedoms, another recent event worth mentioning is that which refers to intelligence services (three of them at one time...). The government proposes the creation of intelligence services (intelligence referring to internal security of the state, military intelligence, and so forth) and the prime minister will of course be in control of the council of intelligence in general, and in control of, shall we say, political intelligence.

Well, many things could have been expected but to see the secretary general of the Socialist Party organizing political intelligence services and placing himself in charge of those services is reason to ask: Where is a minimum of respect for freedoms and the dignity of the citizens?

After a period of debate perhaps we can expand our talks on these intelligence services but--to say as of now--when we know what Dr Mario Soares, the prime minister, would go on to control them if those decrees were to be approved; when we know the inventions, with the responsibility he has in Portuguese policy, he has created with respect to the Communist Party; the completely false accusations he has made against the PCP [Portuguese Communist Party], it is fitting to ask how a man like that can direct an intelligence service with impartiality, truth and seriousness.

This is a great attempt to organize false documentation so as to then accuse the Communist Party, the worker movement, the workers in general, our people, using that which is called "intelligence," for the most varied provocations.

This is a serious danger. When our party warned about the dangers of the creation of an intelligence police, a new intelligence police, the government responded that "it is not a matter of a police because they do not have the capability of intervention; it is only a matter of providing intelligence."

But provide what intelligence? Intelligence such as that of Angelo Correia who came, as we all remember, during the general strike to say that two Republican Guards (who had been run over) had been killed by the communists or when he came to invent the "insurrection of the pawnshops" with all the provocations we know of; or when Dr Mario Soares says that the Communist Party "received orders from Moscow to destabilize the peninsula?"

We are, therefore, seeing what an intelligence service may represent with the authority that could result from being a service organized of "impartial persons" and which would then mobilize a campaign against the PCP, against the progressive forces, against the worker movement, against our people in general. It is a

matter, therefore, of serious measures which seriously affect the freedoms and rights of the citizens and Portuguese democracy.

Another question dealt with by our congress and which also has to do with the offenses which are being proffered to freedoms and rights, is the problem of knowing where this government is located in the history of Portuguese democracy after 25 April.

Our congress declared that this PS/PSD [Socialist Party/Democratic Socialist Party] government is the continuance of the AD [Democratic Alliance]. Its policy is not a new policy compared to that of AD but continues, and in certain cases worsens, the policy of the AD. That is why it was declared that the PS/PSD government is part of the counterrevolutionary process.

The fact that a man who is the secretary general of the Socialist Party is at the head of the government--and we always considered the PS as a party, that it was a democratic party--absolutely does not change the fact that the policy of this government is a continuation of the policy of the AD. It is a reactionary policy; it is a policy against Portuguese democracy, against the rights of the workers, against democratic gains.

And it is also the very fact that it is the PS secretary general who heads this government that led the congress to conclude, and with every reason, that Dr Mario Soares is today a politician of the right, a man who in the final analysis heads a coalition of the right, of reaction, in the present Portuguese situation.

We think this, but here among ourselves we believe that it is not only we communists who are convinced that it is so. Today there are certainly many socialists who are also convinced that this government is of the right, that this government does not serve the workers, that it does not serve democracy.

I would like in this session, if some socialist is present who has those ideas, to hail that presence here with us and to express our willingness to join all our efforts with the socialists and other Portuguese, whatever their political ideas, but who are against this policy, who want a change, who want to put an end to the offensive being waged against the gains of the Portuguese revolution and who want a real solution to the problems of the workers and the continuance of the Portugal of April with its fundamental conquests.

Naturally we, given the policy which has been followed by the Socialist Party, at times are not very open at the level of our activity, our enterprise, our local authority, our recreational club and our union. At times we are not sufficiently open to persons who are hesitant, who are not yet with us but who could be.

We cannot say that those who support us are already with us and all the rest are bad. I ask: For how many of those here was there a time when you did not support us but who are now in this hall with us?

When we reaffirm the willingness to enlighten, undoubtedly it is so that we ourselves may become enlightened and to enlighten those who are with us. But that is not all. It is also to enlighten those who have reservations, who have doubts, who have criticisms about our party.

It is for convincing those who are not convinced, a great battle for convincing, for enlightening many, many Portuguese, thousands of Portuguese who still do not believe we are right. To them we must show and prove that we are right so that there will be more strength for the defense of the party, the rights of the workers and so that a democratic alternative may finally be created.

This government continues, as we have already seen and as has been demonstrated by the most recent events, the policy of the AD in its fundamental aspects. As for nationalization, it is from this government that there comes that policy of delimitation of sectors. All certainly remember the old attempt to open the nationalized sectors to private companies and to private capital in such a way that later the liquidation of nationalizations may be facilitated and monopolies restored. That is the great operation they have attempted to carry out since 1976.

They will finally obtain approval of the law, the law of delimitation of sectors. The banking system, insurance and other basic sectors of our industry are open to private capital.

However, now we see to what point this government is going in that attempt to restore the monopolies, using all the resources of the state, national resources, to achieve that restoration.

Certainly the comrades and friends who followed this question remember that at first the government imposed the requirement, or announced that the requirement was going to be established, that a minimum of 3 million contos in capital would be needed by any private entity which wanted to open a bank. However, some days ago we were surprised by the government decision that it is no longer necessary to have 3 million contos, now only 1.5 million contos are enough.

This by itself already shows that the government is preparing, not only to cross the palms of the capitalists but is even going to give them the capital they may possibly need, making available to the capitalists the capital they do not have (since it would not be justifiable to give the banks to those who are not suited to be a banker).

We believe that the creation of private banks is unconstitutional; we believe that the banks were not nationalized but that the banking system was nationalized and therefore private banks cannot be created.

That is the reason for the statement we have made and which was repeated by our congress: We communists, if any private bank were created, shall fight for its nationalization as soon as the possibility exists for doing it. If they create banks they will be nationalized!

But there is more: the government not only reduced the minimum capital necessary for creating private banks but also--the great scandal of scandals--the nationalized banking system is ready to make loans to those who want to create private banks.

This is a real crime against the national economy; it is an action which needs to be quickly rectified. It cannot be understood how the nationalized banking system, the banking system of the state, can grant loans for creating private banks which are going to compete with the nationalized banking system. That is the point reached by the shameless policy of this government.

As for the agrarian reform, the comrades know that the requirement for paying the Emergency Agricultural Loan (CAE).

For a long time the UCPs/Cooperatives have been urging the conversion of the CAE into a medium and long-term loan since the workers of the UCPs/Cooperatives use it for expenses.

This has been refused and now they seek to make fiscal foreclosures because of the fact, they say, that the UCPs/Cooperatives do not pay the CAE.

Now what the workers ask is a very simple thing: "We," they say, "owe the state. Very well, but what about what the state owes the workers?" Indeed the state owes very much more to the workers, for example, for the cereals it did not pay for. Where does it get the idea that the UCPs owe the state?

That is the reason for the demand for a settling of accounts. Let us see what each one owes; make an accounting and those who owe, pay.

However, the government does not respect that proposal. According to the workers the state will still have to pay millions of contos and it seeks to carry out foreclosures on the property of the cooperatives so as to attempt to liquidate more UCPs in the area of the agrarian reform. Therefore, here we also see an offensive which is a continuation of the AD offensive under this and other no less serious forms.

With respect to the situation of the workers, that was already referred to here by our comrade in the first speech and it is not in the council of Almada, where the problems are so intense, in a session of enlightenment, that I can say something which is not already known by the workers of this council.

There was talk here of wages in arrears. There are large enterprises which are months in arrears in wages, where disorganization is great, in which the management of the enterprises many times seeks to reduce the volume of orders or reduce the activities, hinder expenditures, delay the possibilities for loans. This means that they want to sink the nationalized enterprises so that once more big money can take charge of them.

As far as naval construction is concerned, there is a clearly seen maneuver for the Mellos to have their monopoly once more.

The comrade pointed to the wages in arrears in the Parry and Son Portuguese Fishing Company, the Ship Repair Association, Capucho Establishment and many others. But the delay in payment of wages became a big business for the big capitalists. Let it not be said that there are only wages in arrears where there are difficulties in paying. There are many enterprises which have the

capability of paying wages but the capitalists have already learned that if they go 6 months without paying wages they draw much more than they would gain from the profits of the companies themselves (given that they deposit the money for profit in the banks).

It became a scandalous form of exploitation of the workers and I believe there is no capitalist society in the world in which the capitalists have encountered this process: not paying wages so as to put the money to drawing interest and drawing more in interest than in profits. It is a form of genuine rapine, banditry by capital!

We are speaking about the workers, however this policy of the government not only affects the workers, it also affects the small and medium farmers, the small and medium manufacturers, it affects the most underprivileged classes, it affects the disabled; the retired; it affects the young, women and it affects businessmen. And since we are speaking of them, there must certainly be some businessmen here who could testify to what degree their businesses have also been affected by the decline in worker purchasing power; how their businesses have been affected because each family can now buy less than it bought previously. They are, therefore, affected by all this profound crisis brought about by the government.

The Portuguese Government can very well say the contrary but the truth is that it is involved, and deeply involved, in all this policy with the Americans to change the situation in southern Africa, where progressive regimes have been created and led by revolutionary forces, revolutionary parties--the MPLA-PT and FRELIMO [Popular Movement for the Liberation of Angola--Workers Party and Mozambique Liberation Front] which became involved in the construction of socialist societies in their countries.

But here also our congress was very clear in that respect. We are profoundly convinced that imperialism will be defeated. We are fully convinced that the people who chose the road of social progress after winning their independence will be very successful in that struggle.

And on the part of the Portuguese Communists, and I believe we could say also on the part of the workers and the great majority of the Portuguese people, we support the African people of the former Portuguese colonies and we shall always support their struggle, not only for the consolidation of national independence but for the construction of the new society in their countries.

Our congress did not limit itself to criticizing this policy. It declared that there is an alternate policy, that there is a policy capable of resolving national problems.

In that respect it defined and pointed out the great lines of that policy. The congress also said that there not only is a policy capable of resolving the problems but there is also the possibility of a change in the bodies of government depending on the degree to which that policy is adopted by the Portuguese Government.

This poses a problem which may perhaps be the problem which most concerns the Portuguese. Because when we say that a new policy is necessary, that it is necessary to halt the offensive against nationalizations, that it is necessary to defend the interests of the workers, defend the interests of the small and medium farmers, that all in all it is necessary to have a policy of mobilization of national resources, cut out luxury spending, save resources (but with a policy of austerity that is not only austerity for the people and a feast for big money and high officials); when we say all this, they say: "You are right, that is very true, but...how can that be done? Where is there the possibility of forming a government if the PD with Mario Soares is allied to the parties of the right and the Communist Party only has 40 deputies and it cannot be seen how the PCP is going to have an absolute majority in coming elections?"

Very well, we do not believe either, after all, that the Communist Party is going to have an absolute majority in the short term, although the day will come when it will have it and will have it because of the will of the people!

It is obvious that it cannot be expected in the coming elections. In the present situation, what can be confirmed is that there is a PS led by Mario Soares, which is in coalition with the right, and even if new elections are held within 3 months in case the assembly is dissolved, it is very difficult to believe that with the parties such as they are there could be a majority which would give its support in the Assembly of the Republic to the creation of a democratic government.

If it were to be considered in terms of parties, we can say that such support in terms of numbers already exists. In the Assembly of the Republic there is actually a majority of communist and socialist deputies. They are there and are a majority. However, majority in numbers only because the socialist deputies are carrying out a policy of the right and we communists have a policy oriented toward serving our people and our country.

That is why if there were to be new elections within a relatively short period of time and if there were to be no change in the party picture, it is almost certain that the same situation would be repeated.

This means that we would progress considerably (we are convinced that we would have more votes and would increase the number of deputies) but to obtain up to half of the deputies of the assembly would still require a good bit.

There are many people who are still deceived, there are reactionary influences, there are anticommunist traditions and prejudice; there are zones in the country where the local bosses and other forces manage to have a predominant influence.

That is why we say and declare that a solution on the basis of a legislative majority requires one of two conditions: either the PS changes its policy (and with Mario Soares it does not seem to us that this can be believed), or it would be necessary that there be new parties with a democratic policy which would change the present party picture.

But we do not only say this. We say that there are conditions for the change. Our congress answered this question by saying that there is no agreement between the array of social forces and the position of the political parties.

This means that many more Portuguese men and women are against the policy of the government, than those who voted for the Communist Party and the MDP/CE [Portuguese Democratic Movement/Democratic Electoral Commission]. Many Portuguese men and women who voted for the Socialist Party are against the policy of the government; many Portuguese men and women who voted for the PSD and even for the CDS [Social Democratic Center Party], but who do not accept this policy of exploitation, of hunger, of destruction of all the sectors of our economy and who think that a change is necessary, are against the policy of the government.

They do not yet have the political awareness required for understanding that it is necessary, with the communists, to resolve the national problems. But they enter into the social struggle, they enter into the social battle and if we were to look at the struggles of the workers, look at the struggles of the peasants, the struggles of the various social classes who are joined in struggle in the country, we are going to find many who did not vote for or support the PCP yet, but who participate side by side with us in the struggle against the worsening of living conditions of the workers, against layoffs, against wages in arrears, against exploitation of the farmers, against the high price of gasoline, against the lack of means for shipping agricultural products. These are persons who are struggling, who are engaged in the social battle against the government even though they do not have the political enlightenment for entering in an electoral battle at our side.

Many recognize the justness of this struggle for fundamental interests, for immediate objectives, but they are not yet enlightened enough to change their vote. This is a battle we must wage; we have to wage this battle in the sense of convincing them that just as we are side by side in an enterprise or in the fields fighting for fundamental interests of an immediate nature, we can and should be side by side in the political battle for a change of national policy.

Our congress had an optimistic statement on this possibility. We believe that Portuguese democracy has great strength. It is the basic strength the people themselves have with the working class in the forefront. It is a great strength which has already demonstrated that it is as capable of confronting, as it is of defeating the enemy.

And we sometimes do not attribute due value to the victories our people achieved. But if we observe, even in recent years, we see how many times by the power of the struggle of our people reaction suffered considerable defeats.

Freitas do Amaral did not go home because he wanted to go...He was prepared for the attack on the armed forces; he had created the National Defense Law, he had rallied around him more than 20 military leaders, he had obtained, with the collaboration of Mario Soares, a change in the constitution, the dissolution of the Council of the Revolution, a law of national defense. He was preparing for the attack. Then why did he go home?

In our opinion it was because of one fundamental reason: Our people fought so that the AD would go into the street. It was because of the struggle of our people that the AD could not carry out its plan which was going to be consummated in 1982 with the attack on the armed forces.

They did not achieve it at that time. And what Freitas do Amaral and Balsemao could not do, will not be accomplished, in our opinion, by Mota Pinto with Mario Soares either.

They have already begun to take steps in that direction but have more difficulties than any other government. They fail in their policy, they have internal dissensions (at times they sound like a sack full of cats; that is an expression much used to describe it. I do not know whether they are cats or not, but we know that they scratch each other and they meow a lot). Therefore, there exist contradictions which are not only among leaders but are contradictions of interests.

They forget, above all the socialists and Mario Soares, the difficulty in responding to their own support base, the socialist workers, those who voted for the PS and are beginning to ask: "What is that? We voted for you; you make up a government and now you take this, and this and this measure which takes away our bread, our home, our medicines, in short, which prevents us from living." This is an opinion which is becoming generalized and which is after all a request for an accounting from the PS and its leadership.

We believe that under the present circumstances our congress answered this question: the situation is so grave that when the government falls (and it is going to fall before the 4 years are up. We cannot say that it will fall within the next few days but it will fall much sooner than they think, that goes...).

And in what the comrades have just said (shouts of "the struggle continues") lies the secret of the question: it is that the struggle is going to continue and that struggle is going to defeat the government. That is what the secret of our people is: it is with their struggle, their unity, their organization, their persistence, their trust, that we shall conclude by defeating this government and achieve a democratic alternative.

Naturally questions arise. And they are very specific questions with respect to the upcoming political battles. The comrades have before them the conclusions of our congress with respect, for example, to the presidential elections.

It was declared by the congress that if Mario Soares presents his candidacy, it will be a candidacy of the right. Our congress decided that under no circumstances would the Communist Party support that candidacy, as it could, nor would it finally make an appeal for a vote for Mario Soares. He will receive neither support for this candidacy nor an appeal for votes.

But now I want to refer to another case also. Certainly those who read certain press accounts have seen the great speculation that is being made about another possible candidate. Much is said about Mota Amaral. Since this could create some confusions, I would like to say some words about Mota Amaral.

Actually, there are persons and even media organs which say the following: Mota Amaral is the Eanes candidate and will be viewed favorably by the present president of the republic. The Communist Party is behind Eanes (say those newspapers), therefore, being behind Eanes and if Mota Amaral were the Eanes candidate, the Communist Party would therefore wind up supporting Mota Amaral.

Now, even if our congress did not deal with this question, it is absolutely clear that Mota Amaral would not have any support of the Communist Party in any phase or at any time, either.

We believe that there are many forces; we are going to fight.

Within days--26,27,28--there are going to be great days of struggle. They have been announced and we shall participate in them.

On the 28th there will be great demonstrations. It is necessary that they actually be very great demonstrations; it is necessary that all understand the importance of those days of struggle so as not only to mark the presence of the working class, their strength, but so that this struggle will contribute to encourage all those people **who** believe that the working class has the duty--and the serious duty--of becoming the vanguard in the struggle of our people for a democratic alternative.

There are real forces. The social movements are strongly organized. In Portugal we have the good fortune of having a great unitary union movement headed by the CGTP-IN (in few capitalist countries is there a central organization with this force and influence), and naturally we have that force, which it is just to believe has a decisive role (and I believe it is not vanity, we are communists) in the present political situation for a democratic alternative: the PCP.

Certainly among those present many were in our congress. Our congress was something serious. And even those of us who participated most directly in its preparation and in its organization were surprised by many aspects of the strength revealed by our congress: the awareness of the militants, their unity, the independence of their opinion, their happiness at the fact that they were participating in the great collective struggle of our party. And the deep pride we all feel is not only in the terms of a great party, it is because we defend the interests of the people, of being able to defend them, at being at the service of the people and the country. That is what gives us strength and confidence for continuing the battle.

Certainly some will read press opinions on the Communist Party and about our congress. They did not want this congress just as they did not want this party. They would like it very much if we were divided, but we are united, all our party is united. They would like it if there were rooster fights among the leaders but we have neither roosters nor hens, we have no conflicts among leaders, we are working together for the same objective. They would like to see our organization weakened and they would like to see that so much that several times

they have announced that our party is declining in its number of members. However, instead of declining we are growing, we have always grown, and in this congress we had the joy of being able to give as the total of party members, the figure of more than 200,000. This represents, under the circumstances of our country, a great victory for the work of organization, recruitment, and general influence of our party.

They would like to see our party abandon the fundamental objectives. They would like it if our party were to capitulate with respect to the rights of the workers; that it accept a false social agreement; that it accept to capitulate before management entities; that it accept the liquidation of the agrarian reform; that it desist from the fight to maintain the nationalization and liquidation of monopolies. However, our party is a party of principles and that is what they do not like because if we did not have those principles we would be weaker, our people would be weaker, the working class would be weaker, we would not have the conditions of resistance and struggle we now have by having a party loyal to principles and its fundamental objectives.

They would like it if we were not a party which is patriotic and internationalist; that we were a party which would renege on its duties toward its brothers in struggle in other countries. They would like it if we did not support the struggles by the workers and people wherever it takes place in the world.

And our congress was a good mirror of the internationalist position of our party. At the rostrum of the congress were representatives of the forces which struggle, whether America, Africa, Asia, or Europe. There were the voices of those who lead the revolutionary movements of their people.

They would like it if we were to abandon our class points of view; that we would cease to be a party which is a party of the people but which is a party fundamentally of the working class. They would like it if we did not have a class viewpoint when examining the great political problems; they would like it if we did not have ideological principles, that we would cease to be a Marxist-Leninist party. And they go even further: they would like it if we were a Eurocommunist party. But our congress demonstrated very well that a party of principles, a patriotic party, an internationalist party can--and precisely because it is that--not only maintain but strengthen its positions, strengthen its influence, be a great national party with a decisive influence in the national policy of its country.

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INTERVIEW WITH AP STRONGMAN MIGUEL HERRERO

Madrid DIARIO 16 in Spanish 10 Feb 84 pp 10-11

[Interview with AP [Popular Alliance] leader Miguel Herrero, by Carlos Davila; date and place not given]

[Text] He has emerged in Barcelona as the conservative star of the Popular Alliance. The congress, made up of a majority of delegates who would disapprove of most of his thought, applauded him for four minutes. Miguel Herrero, with his old-fashioned hair style and looking as if he had been dressed by his worst enemy, so distracted that he twice tripped over the platform, responded for the first time in his life with the "V" for victory. Timidly and only once, he looked at Fraga and he applauded also. "A leader has been born," the congress ruled. But the truth is different. The fact is that Herrero only gave a brilliant speech in Barcelona as the cellophane wrapping of a liberalizing ideology that the Alliance must now reward or reject. That is his challenge.

The "Herrero whip" that castigated Adolfo Suarez' final hours as prime minister is apparently, in the Popular Alliance, a soft feather with which Fraga adorns himself, embellishing the image of a party in which internal democracy is noted only with difficulty. And yet, Miguel Herrero Rodriguez de Minon, critical until the break with the UCD [Democratic Center Union], has not made a single protest in the Alliance against the bossism of the machine. It is widely thought that this has won him the unlimited confidence of Fraga, who, at the recent congress in Barcelona, turned over the top political post to him. In truth, he has known how to take advantage of it and the witty, enthusiastic members of the Alliance have acclaimed him as the new leader. But Herrero, a "progressive" in the AP and a "deprogressive" in the UCD, will have to show that his intentions are credible, a difficult task.

[Question] From critical to complacent, from an irate vituperator to the tame partner of Fraga, does that not seem to you to be a radical change?

[Answer] I have my answer ready. Look, if I, a critic in the UCD, for any reason would have been critical in the AP, I am sure that the persons who now criticize me for not criticizing in the AP would criticize me more for being critical, so that naturally, that is an illogical accusation, the criticism of my critics who criticize me now for not being critical, when they criticized me before for being critical!

(Even if he did have it ready, the paragraph came out in a single burst. This Miguel Herrero, seated in a well-lighted parliamentary office, is the same as when he was a spokesman for the UCD. He is obviously satisfied at finally having come to power in his party, so much so that some of those who work with him think that what Herrero really wants when he grows up is to be prime minister.)

[Question] Now Fraga has a rival and look where!

[Answer] That is not true. Fraga's principal work is the party, a great liberal-conservative force like those existing throughout Europe. I know that Fraga is very happy with me and with the results of the congress.

[Question] But have you become the domestic alternative of the "boss"?

[Answer] Absolutely not. What I want is for the Alliance to become an alternative to the current situation of power and it is therefore fundamental for it to improve its organization. It must be a great mass party. That is why the congress' political and, to a great extent, economic report contained a clear message: to update the party line, adapting it to the problems now of interest to Spanish society.

[Question] Can the Alliance be a solution to the problems of Spanish society, that is, can the alternative offer a remedy for the problems existing now?

[Answer] According to recent polls, the Spanish people are basically interested in domestic security and legal security, the economic crisis, unemployment and inflation, international issues and, naturally, freedoms. According to those same surveys, the Alliance is a more suitable party for dealing with the first and second issues and I sincerely believe that, as a liberal-conservative option, it is the alternative that best guarantees real freedoms.

Francoism

[Question] It is difficult to believe that a party so Francoist sociologically speaking would be the one best able to guarantee freedoms.

[Answer] If we are going to talk about Francoism, then you must agree that the PSOE [Spanish Socialist Workers Party] can hardly cast the first stone either! Seriously, I do not see why the AP should be a neo-Francoist party because you must judge people by what they say and do, and the conduct of this party since 1977 does not reveal that it is a group of closet Francoists.

[Question] Until a very short time ago, even yesterday, they were asking for the death penalty.

[Answer] That is an opinion that may be accepted or not, but it has nothing to do with Francoism, unless you say that France previous to Mitterrand was Francoist and that Mrs Thatcher is also a Francoist.

[Question] You do not support restoration of the death penalty?

[Answer] I am not for changing the constitution in any of its points and naturally not this one.

[Question] Consequently, you must have clashed with the many members of your party who do wish to change the constitution.

[Answer] No, that was an issue that came up in the AP before the last elections. Now then, when the Alliance has to make a government proposal as a real alternative, we say that the constitution can be perfected and that in time it will undoubtedly be amended, but we believe that there are much more important matters than the reform of the constitution.

[Question] Does the new image of the Alliance presume abandonment of its traditional messages, giving up issues of such social import as divorce or abortion?

[Answer] Some of those issues are included in the defense I made in the political report on a free Spain in which freedom must fundamentally lie in the institutions, but in which the institutions in turn must be freely supported. For example, we believe that the family is one of the main social entities, but we also know that in order for it to be effective, it must be based on the freedom of the individual, not imposition. However important these issues may have been and however clear our position may have been, I believe that these are not the key issues in Spanish life. When the PSOE concealed its change on issues such as containing public spending or the creation of jobs, it is not worthwhile to dwell on a law that the Socialist Party has tried to use as a progressive alibi. It is not worth the trouble. In Spain there are many more unemployed than women having abortions.

Fraga

[Question] You have not been exactly a progressive.

[Answer] They said that because I left the UCD when I realized that it was not even a party whose policy was of the center-right. The UCD had no policy. I am in the Alliance in order to make a proposal to Spanish society, following the type of policy that Mrs Thatcher has or that was followed by the French majority and which, judging by circumstances, will again be followed very soon.

[Question] When you left the UCD, you justified your departure with other reasons, saying, in addition, that there was no dialogue or internal democracy in that party. Is there in the Popular Alliance?

[Answer] In the UCD, there was a great plurality. It was a coalition of parties in which proportionality was imposed in order to form an executive organ in which the different ideological families were represented. If that had actually been the case, we would have avoided greater evils. Here in the AP, those differences do not exist and proportionality is therefore unnecessary.

There are no families or even diverse personal positions. Consequently, the congress elected an executive committee that has an initial advantage: the trust of the national prime minister.

[Question] Which you probably also want to take to Moncloa.

[Answer] Probably.

[Question] Are you confident that you can win the prime ministership?

[Answer] I am certain.

(Herrero's answer came without a moment of hesitation since he is not the type of person who reflects on his answers at length. Rather, he gives the impression that he has them all thought out, as if the questions had been asked a thousand times. At least it is not easy to answer questions rapidly and vehemently, but without the slightest doubt, with a well-chosen vocabulary that is sometimes even elegant, sometimes flashy. And yet, that is not how Herrero is. He is madcap and his wardrobe irritates those who worry about the political image of the Alliance. Like all those who wear suspenders, Herrero puts his thumbs through the sides and stretches to give himself breathing room.)

[Question] Does Fraga need a lot of votes?

[Answer] The fact is that Felipe Gonzalez also needed them and he got them. Felipe has lost as many elections as Fraga. Seriously, though, I do not believe that one can talk of a predetermined "election ceiling" because those 3 million loaned votes, which Gonzalez admits he had or enjoyed, can easily go somewhere else, judging by the success this government is having. I do not say that we will get all of them, but we will get a substantial part of them and they, along with the 1.7 million voters who were still casting their ballots in 1982 for pseudocentrist options, can increase the Alliance's total sum. Furthermore, as Fraga has said and as I have personally stated, we are open to pacts of integration or cooperation.

Nationalists

[Question] If the Alliance loses in the Basque Country and Catalonia, could Roca's reformist alternative shoot up?

[Answer] First of all, you have to know the results, because nothing is predetermined. In any case, the percentages in Catalonia and the Basque Country cannot be extrapolated -- I am referring to the Popular Coalition -- for the rest of Spain because we start in those two areas with a very weak position. On the other hand, what one can extrapolate is if the PSOE loses in one of those two areas because the socialists have logical areas there in which to expand. If they fall in Catalonia and the Basque Country, what can they expect in Castille?

[Question] You could also say that if the nationalists win, parties with a national following will never win in those two areas.

[Answer] That has already been said and fairly often. One of the tragedies of the Spanish right is that in two important regions, it is divided between state and clearly nationalist alternatives. I am a spokesman for cooperation with those parties.

[Question] Are you asking for relations with Roca?

[Answer] I do not need to. We agreed to see one another at Christmas, but we were unable to. Now I hope to talk with him in the Congress of Deputies. Everything Miguel Roca does is very suggestive and it will be even more if he chooses his national "partner" wisely -- that is, if he chooses us. Nevertheless, I find his whole strategy surprising: that Mr Roca should not be affiliated with the "Roca operation." Rather, he continues in Convergence, but perhaps they allow him dual membership.

[Question] Strauss is not affiliated with the CDU in Germany either.

[Answer] Of course not, but he knew which partner to choose.

[Question] In the Alliance, you think that you must swallow Roca and the reformists, but you say that you must get along with them. Is that not so?

[Answer] I do not think that in the Alliance, they try to swallow anybody. Fraga has only said that he is willing to take in anything that can be taken in. My opinion is that one does not have to come to extreme situations in order for the center to begin to talk with the right because, among other things, I have no faith in the specificity of the center space. I do say, however, that you have to bring the right to the center because, after all, what can distinguish Roca from me, for example, on concrete problems?

[Question] Abortion.

[Answer] On the contrary, I think abortion splits Roca from his party and, naturally, from his allies. There is no difference between us. That is why I think it is right for Roca to promote a series of votes, but it would be desirable for him not to try to get those votes from us.

[Question] Will you unite in the end?

[Answer] Ask you.

Government

(In Barcelona, an especially tense press conference was held in which Manuel Fraga began to talk with newsmen with almost exquisite friendliness. Then he asked photographers three times to let the writers be seen. The atmosphere was extremely tense and Fraga finally said: "I have to order you (the photographers) to leave.)

[Question] How do you feel about Fraga's authoritarian conduct or authority?

[Answer] My experience with Fraga is anything but authoritarian and I tell you that I am not not at all submissive, as I have shown, and that I cannot be taken in, as I have also shown. Fraga has many ideas, a great capacity for assimilation and endless willingness to listen, debate and persuade. I have never been treated in an authoritarian way by Fraga. I would swear to that and I could tell you of countless occasions when we have discussed all problems at length, especially with a written text in front of us.

[Question] At the Barcelona congress, newsmen said that if Fraga had seized the microphone and sung "Cara al Sol," the congress would have followed him enthusiastically.

[Answer] I find it inconceivable that Fraga would grab a microphone and sing "Cara al Sol." Others, most of the PSOE, have traditionally sung it more, especially the leaders.

[Question] Don't you like that government?

[Answer] I would like to make a moderately positive balance sheet of its 15 months in power, but I cannot. The 15 months have been quite painful. In the economic field, they have eliminated jobs and reduced inflation much less than they said they would. I have serious doubts whether the official percentages they give are correct.

[Question] Do the figures lie? Is the government lying?

[Answer] I believe that the consumer price index is being manipulated and we are going to ask the government about this because we have reliable information about how inflation is being manipulated, when and by whom. It would be painful if the only success to which this government points should turn out to be false and if inflation had not really been reduced to 12 percent, that it is about 16 percent. Whatever the case, the prime minister, who knows nothing about this, should use the concept with greater ease. Otherwise, one cannot explain why we should be asked at the congress how it is possible for us to say that inflation is dropping when prices are going up!

[Question] You once said that you would follow the same economic policy as Boyer once in power.

[Answer] What I say is that the economic policy of this government is totally at odds with the objectives it pursues. After all, how is inflation reduced? By reducing costs. The prime minister himself has said that social security is a punitive tax on the creation of jobs. Do you know what he then did? He raised the contribution! Perfect, ingenious! The government has increased taxation, artificially raised the price of money because it has to finance the immense public deficit that Mr Boyer has not even worried about reducing. There are no results.

Europe

[Question] Will the government achieve what no one else has: our integration into Europe?

[Answer] We shall enter -- if, in fact, we do, which remains to be seen -- at an extremely high price and we are only going to enter to make it easier for the government to change its position on NATO. If the PSOE had not gotten tired of saying that it wanted to take us out of NATO, we would not now be forced to enter the Common Market, with the danger of ruining great areas of our agriculture and industry. We shall make an agreement with France on quotas for our agriculture and let the French and the Italians as well benefit from the Community's protection for agriculture, all accompanied by Mitterrand's thankful smiles.

[Question] For the average Spaniard, these would be mere technical details. What is important, what the socialists are going to get tired repeating, is that thanks to them, we are finally a part of Europe. The short-term price matters little.

[Answer] The citizens are not an abstract entity that does not feel or suffer. They will suffer, especially when they realize that unemployment is growing and that the application of the added value tax will have a markedly inflationary effect. I also want to enter the EEC, but not like that. It is a fraud.

[Question] Isn't your program against terrorism like that of the government? Have the socialists not achieved any political success?

[Answer] If we have truly achieved French cooperation, there might be some glimpse of success, but remember 1977: The euphoria lasted only 3 months.

[Question] When they speak to you about the GAL, do you look at the ceiling?

[Answer] I do not like "dirty wars"; I do not like dirty things. I do not believe the GAL has anything to do with the government.

[Question] You do not believe it has anything to do with the government.

[Answer] I have little information.

(The topic was very disagreeable to him. He said only: "If the government is successful in this area, we shall be the first to be happy." He then halted the conversation but then suddenly asked: "Why don't we talk about the prime minister?")

[Question] Why not?

[Answer] He is always being left out, as if the poor administration of his government had nothing to do with him, although he is mainly responsible. He is without a doubt the main leader of the PSOE and he has only two skills:

one having to do with image and the other relating to heated speeches totally lacking in substance. The PSOE did not come to power because of a program that no one read, but because of the promises, never kept, of the prime minister.

[Question] War is only futile?

[Answer] The truth is that I think very little about it.

Administration

(Miguel Herrero asserted, with more conviction than I have ever seen, that his party does offer an alternative: that it intends to enter the military structure of NATO, that incentives must be given to private investment by drastically reducing public spending, that four ministries can be done away with: Justice, Culture, Territorial Administration and Labor, that an imaginative tax system can be created to tax income spent and exempt savings, and that social security must be radically reformed.) "We have a program and we are going to publish it.")

[Question] And do you have a shadow government?

[Answer] I would like one to be formed, especially so that the Spanish people might know who will govern them starting in 1986.

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CSO: 3548/190

VACILLATIONS IN GOVERNMENT'S HANDLING OF PROBLEMS CITED

Stockholm DAGENS NYHETER in Swedish 31 Jan 84 p 6

[Commentary by Sven Svensson]

[Text] First the party leaders will bicker with one another according to the script of Wednesday's general political debate in parliament. Then they will try to reach agreement on more money for defense, foreign aid, and perhaps for families with children. We will see if this is the right script for achieving fruitful political compromises in the promised land of the outstretched hand.

The Social Democratic government got off to a flying start, but it suffered several mishaps along the way.

Now the Social Democrats seem to be having more trouble. Many of the government's tried-and-true political formulas are, if not on the way out, at least being questioned.

This change did not occur because the nonsocialist parties presented a comprehensive alternative to the government's politics several days ago when they presented their proposals. No, the party motions, with few exceptions, were more of the same old stuff.

Disappointing Fiasco

There is another reason for the defensive position of the Social Democrats. During their years in government the nonsocialist parties, after many painful experiences, came to realize the necessity of cutting state expenditures in order to take to the offensive in areas that require political action. The Social Democrats also have much of this hard-earned insight.

This time around, Social Democratic policies have resulted in one fiasco after the other. Plans to drop the grant portion of the student loan system were ripped up in parliament, as were the proposed reductions in academic training and changes in agricultural subsidies to farmers in Norrland. The Youth Affairs Act had to be reworked and Social Affairs Minister Sten Andersson suffered the ignominy of having to withdraw his proposal to eliminate the

widows' pension plan.

The defense and foreign-aid fiascos were even more damaging to the future credibility of the Social Democratic Party. One year the government reduces military spending by 100 million--just to increase it by 300 million the next year.

In October the government reduced foreign aid--just to increase it in January by 300 million.

Talk about disjointed policies!

Linking military spending to foreign aid may be seen as a clever tactic. This was designed to unify the opposing factions within the Social Democratic Party. It also was a good attempt to split the nonsocialist bloc. Wednesday's meeting of party leaders will show whether or not this tactic was overly clever.

Moral Support

At present, the government wants to "sacrifice" an additional 1.2 billion to the military by 1987. The middle parties want at least 2 billion and the Conservatives, as is their custom, want even more.

A 2 billion kronor increase would make it possible to retain at least two of the three Draken air force divisions that are now in jeopardy of being shut down by the mid-1990's.

That would also offer important moral support to Finland. Finland is now negotiating to purchase 20 Draken planes from Sweden for air surveillance of the Baltic Sea area. Finland's security would be greater if Sweden also retained the Draken as part of its air defenses.

Considering the tense situation in the Nordic countries and between the superpowers, the Palme government cannot jump back and forth on vital security issues.

Thus, an additional 1.2 billion kronor for the military is now a fact, regardless of what the nonsocialist parties do to finance it. In practice, it is the nonsocialist parties that will determine the size of the defense budget. As the matter is now being handled, the Social Democrats are almost forced to achieve broad unity in parliament.

Behind

A similar situation has arisen in the area of foreign aid. As a result of Social Democratic vacillation, the Center Party's old demand for a new study on the direction of foreign aid is gaining strength. The Liberal Party also has come closer and closer to endorsing the Center Party position.

Family policy is another example of how the Social Democrats have fallen behind

and they have only themselves to blame. When proposals were being made, the nonsocialist parties promised higher child allowances, higher tax deductions for children, and higher childcare allowances, while the Social Democrats had to wait for their study to be completed.

After the widows' pension defeat, this was surely doubly disappointing for such a tactical master as Sten Andersson.

But, of course, it is no great problem to dish out gifts both left and right.

The problem is how these gifts are to be financed. And, because of the large budget deficit and the low rate of growth, gifts to one group in society always must be paid by other groups. And sooner or later there will be a fight--you can be sure of that.

Wooing Center

It is possible that the nonsocialist parties will approve an increase of several ore in the gasoline tax for the sake of the military, but total agreement on the military, foreign aid, and perhaps family policy spending would require that the Social Democrats swallow their pride and accept certain cuts.

By their constant wooing of the Center Party for a future coalition, the Social Democrats have tied their own hands. After the fiasco over the 3-year tax compromise, Thorbjorn Falldin cannot just do as Palme wishes without suffering serious credibility losses within his own ranks. And without Falldin, no other nonsocialist party leader can go along with Palme, even on such important matters as the military and foreign aid.

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COLLABORATION WITH EAST BLOC SCHOOLS, PEACE CURRICULUM PROPOSED

Stockholm DAGENS NYHETER in Swedish 8 Feb 84 p 8

[Article by Harald Hamrin]

[Text] Storlien--The National Board of Education (S0) recently began a project intended to expand and improve education on peace issues in Swedish schools. One aspect of this "peace curriculum" is a plan to increase contact with schools in several Eastern European nations.

This was revealed on Thursday by curriculum adviser Bengt Thelin of S0 who spoke at the People and Defense conference in Storlien. The topic of this year's annual Storlien conference was Peace and Freedom.

Work on the project to instruct elementary school pupils and high school students in peace-related matters began at S0 1 month ago. One goal is to give teachers and school administrators concrete advice and information on material that can be used in the classroom.

Adviser Thelin believes that the origin and course of conflicts should be presented in greater detail in school studies than they are today. Some important topics are neutrality and nonalignment, superpower spheres of interest, modern weapons and modern warfare, the arms industry and arms trade, nuclear warfare, and the peace movement and nonviolent ideologies.

Three Key Words

Education in this field should be included primarily in subjects such as history, civics, and religion, but it also can be included in nature-oriented and esthetic subjects.

Bengt Thelin used three key words to outline the new peace curriculum: knowledge, feeling, and action.

Knowledge of various issues involving war and peace must serve as a basis for the peace curriculum.

Feeling--by this Thelin means that it is important to teach pupils to put themselves in the situation of other people. This includes the "ability to understand the important question of human survival" and to develop a "feeling

of responsibility and the desire to become involved," as stated in today's curriculum.

Action is the third key word.

"Children and young people react strongly against the gap between words and deeds," Thelin said. "They want something to happen. In addition, there is no better cure for fear and apathy than activity. We must show what can be done despite everything--what can be effective if enough people participate."

Here, according to Thelin, there will be room for creativity and for more permanent efforts to channel knowledge and feeling into "healthy and practical activities." This is obviously a necessary component in the new "peace curriculum."

Thelin pointed to exchange programs already in existence involving school children from countries such as the United States, West Germany, France, and England. But he said it should be possible to develop similar exchange programs with countries in Eastern Europe, although this would present greater problems for reasons of both politics and language.

One possible channel for this would be Unesco, according to Thelin.

"It might also be possible to do this on an official bilateral basis," Thelin said. "I know from my own experience, for example, that there is strong interest among school administrators and teachers in Bulgaria, Poland, and Hungary."

Defense Will

Thelin also discussed and refuted the concern of some that "peace curriculum and the peace movement in the schools" could have negative consequences on the belief that the nation's security and freedom are dependent primarily on a strong Swedish defense. Is there not a danger that the will to defend Sweden will be undermined? And does not training in peace, however modest it may be, play into the hands of those who threaten our boundaries?

"This issue must be discussed in the classroom training and when Swedish defense policy is being discussed," Thelin said in answer to this question. "Peace education must be based on the assumption that it is possible to do something about the barbarity of war, physical violence, and oppression."

As an additional measure in its efforts to increase peace education, SO is organizing a large, nationwide conference for school administrators and teachers this fall, 7 to 9 November, entitled Peace and Oppression. This nationwide conference will take place at Folkets Hus in Stockholm.

INTERNATIONAL AGREEMENT FAVORS ROLAND MISSILES FOR FRG

Paris L'USINE NOUVELLE in French 19 Jan 84 pp 34-35

[Article by Alexandra Schwartzbrod: "Fabulous Euromissile Contract"]

[Text] Air defense missile systems worth 5 billion francs were the stakes involved in a real politico-commercial brawl in which the Franco-German consortium Euromissile recently bested British Aerospace.

U.S. Defense Secretary Caspar Weinberger and his West German counterpart have just signed an agreement covering the purchase of 95 Roland fire units produced by Euromissile and 24 Patriot fire units produced by Raytheon, an American company.

This agreement came at the end of a ruthless battle that began in the fall of 1982 and pitted Euromissile--a consortium grouping Aerospatiale and MBB [Messerschmitt-Boelkow-Blohm]--and its Roland missile system against British Aerospace and its Rapier missile system. The Roland has now been officially selected to protect U.S. air bases, collocated operating bases, and German air bases, all in the FRG.

The stakes were worth the battle. One complete fire unit costs approximately 60 million francs. Euromissile has thus won a contract valued at more than 5 billion francs.

Roland 2 is a surface-to-air missile system incorporating its own surveillance radar. It is designed for defense against low-level and very low-level air attacks. It has an effective intercept range of 500 to 6,300 meters and an engagement altitude of 20 to 3,000 meters. It can fire a salvo of two to four missiles. Its key advantages include a very fast reaction time, a very rapid reloading capability, and an all-around performance acknowledged to be superior to rival systems. The most recent purchasers of the Roland system are Argentina, Venezuela, Nigeria, and Iraq.

Air bases in Germany will be equipped with the Roland 3 all-weather version armed with improved missiles having longer range and greater speed. Its modernized radar will have an electronic counter-countermeasures capability. This enhanced system will be mounted on a German-made MAN truck, whereas the current French version is mounted on an AMX tank chassis built by GIAT [Industrial Group for Land-Based Weapons].

It was in 1982, shortly after the Falklands war, that British Aerospace and Euromissile began vying for the contract to supply air defense systems for bases in the FRG. The British launched an imposing publicity campaign for British "battle tested" equipment. This triggered a real politico-commercial brawl in which Euromissile very quickly took control. "We merely demanded justice" explained Michel Theoval, one of Euromissile's marketing executives. "In fact, our argument was quite simple. First, our system was the best, as confirmed in 1974 by the U.S. Army after a series of extremely rigorous tests. Second, it appeared to be more logical to arm the FRG's bases with equipment that is 50 percent German rather than 100 percent British."

This was apparently a good argument, inasmuch as shortly after the swift elimination of the British competition in the summer of 1982, the Germans and Americans concurred in the final draft of the agreement that has just been signed. The actual contract is expected to be signed in the very near future.

Two other NATO countries could now follow suit and acquire Rolands. Negotiations to that effect are underway. Furthermore, the German Navy is now asking for 25 fire units, while certain bases in the FRG, after having initially refused to change their air defense system, now seem to be reconsidering their decision. Roland is likewise a possible candidate for deployment on major German civilian airports, on all NATO bases throughout Western Europe, including those American bases where for the moment there are no plans for such deployment. For that matter, Euromissile is reportedly prepared to agree to having Roland completely or partly produced in countries having the industrial facilities to do so. An agreement of this type is currently being negotiated with Spain.

The American contract will provide at least 6 years of work for 7,000 persons in France and Germany.

This contract is certainly a good deal for Euromissile. Its total sales which rose from 5.1 billion francs in 1982 to 7 billion francs in 1983, will reach new heights in 1986 with the first Roland deliveries under this contract. The various Roland subcontractors also expect to benefit from the contract. In France, these subcontractors include SAGEM [Company for General Applications of Electricity and Mechanics], STRIM [Technical Industrial and Mechanical Research Company], Air Equipment, as well as SNPE [National Propellant and Explosives Company] for rocket motors, Thomson for radars, and TRT [Telecommunications, Radio, and Telephone] for proximity fuses.

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RAMJET ENGINE FOR FUTURE SUPERSONIC BALLISTIC MISSILES

Paris L'USINE NOUVELLE in French Supplement to No 3, 19 Jan 84 pp 6-7

[Article by Patrick Piernaz: "Strong Trend Toward Use of Ramjet Engine"]

[Text] Propulsion tests of a "rough" version of the ramjet-powered missile designed by Matra and ONERA (National Office for Aerospace Studies and Research) will begin in a few days. These tests are preliminary to the development of future surface-to-air missiles that could replace Matra's and Thomson's Crotale system in the 1990's. The choice of this missile's propulsion system is confirmation of the trend toward use of the ramjet. This propulsion technology has also been incorporated in the [tactical-strategic nuclear ASMP [medium-range air-to-surface] missile soon to be deployed on the Strategic Nuclear Forces' Mirage 2000, Mirage 4, and Super Etendard aircraft. It has likewise been approved for use on the future replacement for the Exocet missile, namely the ANS (supersonic antiship) missile to be produced jointly by Aerospatiale and Germany's MBB [Messerschmitt-Boelkow-Blohm].

These three new missiles will place French companies in the forefront of world technology. These companies will be able to market unequalled weapon systems made of lightweight materials and capable of skimming along the surface at supersonic speed. Such performance is made possible by the use of ramjets instead of such conventional propulsion systems as solid-fuel rockets and turbojet engines. The ramjet is surprisingly enough an already old technology. For some 30 years, this type of propulsion, the concept of which was proposed by Lorin in 1913, was the subject of advanced aircraft engine studies. After preliminary tests by the engineer Leduc, the Nord Aviation aircraft company had its Griffon experimental aircraft fly at Mach 2.2 in 1959. Then in 1963, the ramjet-powered Vega unmanned vehicle flew at more than Mach 4. It was followed by ONERA's Stataltex which attained a speed of Mach 5 at an altitude of 35 kilometers. Yet these experimental versions never advanced to the industrial stage. The why and wherefore were explained by Maurice Ravel, head of the propulsion department in Aerospatiale's tactical missiles division: "As a possible aircraft engine, the ramjet was the victim of the progress made by the turbojet engine which gradually developed the capability of withstanding higher temperatures and, therefore, of operating up to Mach 3 at high altitude." Up to now, the relatively simple to use solid-fuel rocket motor has dominated the missile field, whether it be for short- and medium-range missiles or for the nuclear strike force's ballistic versions.

Similar research on the ramjet was conducted in the United States. The carrying capacity of the B-52 bombers and the new B-1B bombers is such that the United States has not been pressed to develop lightweight missiles. In contrast, it was precisely the small size of French aircraft, plus the specifications prescribed by French military authorities for the ASMP, that led Aerospatiale engineers to take an interest in the ramjet. The necessity of very low level supersonic flight ruled out use of the turbojet engine (inordinately high temperature). The required range--much in excess of 100 kilometers--for a vehicle of small dimensions compelled rejection of a solid-fuel missile (too big and too heavy).

Hence Aerospatiale turned to ONERA's research center in Chatillon-sous-Bagneux, near Paris, and assigned it the task of developing the ASMP's propulsion system. Tests very quickly confirmed the ramjet's advantages: high speed of Mach 2 to Mach 4, range of 15 to 200 kilometers with possibilities of a diversified flight path, economical approach flight at high altitude, and high-speed penetration trajectory at low altitude. But what stimulated the researchers the most was the challenge to make the ramjet readily operational in the light of the constraints to its actual use. The first concession was to abandon the frontal air intake--the most attractive solution from an aerodynamic standpoint--in favor of side air intakes, thus allowing a guidance system to be housed in the missile's nose and prompting adoption of a modular design for the missile.

The only serious drawback is that the ramjet does not have a compressor like the turbojet. Consequently it cannot function at low speeds and has to be launched and ignited at approximately Mach 1.5. It is only at such speed that the pressure of the air rushing into the combustion chamber is sufficient for proper operation. ONERA engineers rejected the standard solution which consists in adding a solid-fuel booster rocket that is mounted on the aft end of the missile and can be jettisoned upon reaching minimum operating speed. "This solution is costly in both weight and bulk. Friendly populations are also endangered by the falling booster," explained ONERA's chief engineer for this project.

Results of Complex Research and Development Efforts

The solution adopted is most ingenious. It consists in packing solid propellant into the combustion chamber which is not normally used during the boost phase. This has the advantage of providing a dual-function combustion chamber and thus a more compact missile. On the other hand, the obstacles are many. First, there is the pressure difference between combustion of the solid propellant and combustion of the ramjet's kerosene: 100 bars at 3,500°K for the former and 8 bars at 2,200°K for the latter. Jacques Reynaud, the assistant manager for studies in Aerospatiale's tactical missiles division, said: "The thermal shielding is subjected to enormous stress between the two functions. This necessitated development of a high-performance material."

Another difficulty created by this difference in pressure is the fact that the diameter of the nozzle has to be smaller for the booster than for the ramjet. The solution adopted by ONERA proved highly satisfactory, namely a nozzle that can be jettisoned at burnout. But resolving the transition phase

was not an easy matter inasmuch as during that phase the following events have to be completed within a few tenths of a second after solid propellant burnout: jettison the nozzle, open the air intake flaps, inject the fuel, and ignite the ramjet.

New ANS Missile Will Have Twice the Exocet's Speed

The scope of the ASMP's flight envelope required development--by Enertec and Badin-Crouzet--of numerous precision static and dynamic pressure sensors designed to make sure the ramjet works properly, and also to prevent its cutoff in flight. Study of the ASMP necessitated development of special-purpose facilities in ONERA's wind tunnels. At Subdray, near Bourges, Aerospatiale built a special computer-based test stand capable of covering the ramjet's entire flight envelope. Under these circumstances, it would have been a pity not to use these facilities for development of other items of equipment. Accordingly Aerospatiale decided to use the ramjet for the new ANS missile that will fly two and a half times faster than the solid-propellant Exocet out to a range of approximately 185 kilometers. A solid-propellant missile would have been at least four times bigger. The ANS will be less sophisticated than the ASMP and will be built in cooperation with MBB, a German firm. No choice has yet been made between Aerospatiale's combustor (superdense liquid combustion) and MBB's (boron-boosted self-pyrolizable solid fuel).

Matra has also adopted the solid fuel method for its joint study with ONERA of a rough version of a ramjet-powered missile having great functional and operational simplicity. This missile will use cast air intakes, a rotary-extruded propulsion chamber, and a nozzle carved in the grain. It foreshadows the future surface-to-air missile that will incorporate technologies developed for the air-to-air MICA [air combat and interception] missile, particularly its active guidance radar designed by Serge Dassault Electronics.

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ROGER PRIOURET ON INDUSTRIAL MODERNIZATION MEASURES

Paris L'USINE NOUVELLE in French 26 Jan 84 p 176

[Commentary by Roger Priouret: "More Consideration For Business Enterprises"]

[Text] What is the overall state of business enterprises at the present time? With some fortunate exceptions, it is tragic. Frenchmen are far and away mainly concerned about employment. And with very good reason. Yet when faced with potentially massive job cuts, the government talks about retraining, early retirement, budgetary and bank credits, and assistance to immigrant workers returning home. Consideration is even being given to doing what the Italians have successfully done at Fiat and elsewhere, namely establish an intermediary situation between the full-time wage earner and the unemployed worker. All of these measures justify the term "oxygen tents" used by [Finance Minister] Jacques Delors.

The truth is that we have lost sight of the main point, namely that it is the business enterprise that hires, keeps its men and women, discharges them or does not replace them. As [Industry Minister] Laurent Fabius so correctly keeps repeating--and for this incurs the ire of communists--we must show more consideration for the business enterprise today so that it can play its fundamental role in the near term.

Yet statistics released by the minister of industry are already alarming. Their source is indisputable. It is the INSEE [National Institute of Statistics and Economic Studies]. Cash flow's--profit after taxes, plus depreciation--share of the "value added" by business concerns to their finished goods dropped from 10.1 percent in 1975--already a recession year--to 7.8 percent in 1982. There is always a considerable lag in appraisal of the age of industrial plants and equipment. From 1973 to 1980, the average age of industrial machinery rose from 6.7 years to 8.2 years in the capital goods industry and from 7.2 years to 8.9 years in the consumer goods sector. This situation has certainly not improved since 1980. Given the decline in capital investments since then, the overall age of industrial plants is now estimated to be nearly 9 years.

Nicholas Steinberg, a management consultant, recently made other estimates for the review INTERSOCIAL. These are based on data from the National Expanded

Accounting System. The average net profit rate was 3.5 percent in 1970-1972. It fell to 1.5 percent over the 3 years 1980, 1981, and 1982, with a drop to 0.6 percent for this past year. Indebtedness became such that in 1982 it would have required 12 years of cash flow to pay it off, compared with 7.2 years required during the period 1970-1972.

The above are average figures. They are of limited significance in view of the very large situational differences among business firms. The figures would be worse if we considered only the more disadvantaged firms. These constitute three quarters of all French firms. And we can rightly wonder how many of them will be able to survive, for they are in no position to set aside sums from each year's earnings to cover depreciation, in other words to replace antiquated plants and equipment.

It is not enough to note these deficiencies. We must also propose remedial measures. I personally see three such measures.

a. The first depends on Laurent Fabius. He is the one who recommended creation of the Industrial Modernization Fund (FIM). It has 8 billion francs available for lending at 9.75 percent interest to firms introducing an innovation recognized as such by the National Agency for the Enhancement of Research (ANVAR).

The FIM obtains its funds from the new savings passbooks for industry (CODEVI). Now this savings plan has already gathered sums far in excess of FIM requirements. Why not lend this surplus money at 9.75 percent interest to firms that have bank overdrafts on which they are paying premium agios of 18-20 percent. Their indebtedness would not be increased.

Their finance charges thus being considerably reduced, their loans would be brought completely into line with the 60 billion francs in low-interest loans granted to firms by Jacques Delors.

b. Why not eliminate the 50 percent profits tax on the portion of profits that is reinvested? This is a suggestion made by Jean Matouk, an economics professor and socialist activist. In my view, this measure has one social advantage in that wage earners who have been asked to take a cut in pay would know that the money was not going "into the bosses' pockets" but into modernization and development of the company.

c. The government had promised to remove, within 5 years, the 9 percent employer's payroll tax levied for the financing of family allowances. This would be only fair because French business enterprises pay more to social security than their competitors. Replacement revenue would be sought through an increase in the average VAT [value-added tax] rate. This measure would have almost no impact on the price index.

The last two proposals require legislative action. No tax increase or reduction can become effective without parliamentary approval. But the parliamentary majority would concur, even in reducing the corporate tax, insofar as it would generate investments and create jobs to some extent.

We must act quickly. Real panic over the employment situation is spreading throughout what are called the depths of France. It is time to react, and we had better do so.

ESTIMATES OF WORKER LAYOFFS IN MAJOR INDUSTRIES FOR 1984

Paris L'USINE NOUVELLE in French 26 Jan 84 pp 24-27

[Article by Jacques Barreaux, Jean Roume, and Daniel Coue: "Some 100,000 Jobs Threatened in 1984"]

[Text] The American IBM corporation reported a net profit of 47 billion francs for 1983 alone. This figure is five times the total volume of business done by Bull, France's leading computer and data processing company. This comparison is a good reference point from which to gauge the immense task facing French industry.

Sorely bereft of the American recovery's resilience, our country is buzzing with rumors and official statements about layoff plans, transfers, and a chain reaction of industrial reorganizations. Our politicians have caught robot fever, as if automation was now the open sesame to everything. A large proportion of the labor union leadership is learning the catechism of competitiveness. For industrial management, this is a now or never opportunity to complain about its excessive number of employees. Is France about to enter a period of accelerated industrial recovery?

There is no assurance that it is, unfortunately. Although flexibility in hiring and firing is an imperative condition of the smooth running of a business enterprise, it would be ridiculous to think that layoffs are enough to restore profits. The robots always get the blame, but the truth is that the disastrous profit-and-loss statements of the major companies--20 of France's leading firms are in the red--are attributable to mismanagement and wrong strategy more than to any technological lag. The men currently trying to restore the ailing giant firms to health know what's what. Creusot-Loire's Didier Pineau-Valencienne, Pechiney's Georges Besse, and Thomson's Alain Gomez head companies that have to be rebuilt. Unsuccessful diversification, excessive organizational costs, lack of control, deteriorated labor relations: no need to look to Japan or the United States for the causes of the great industrial upheavals. Deficits actually originate within each company.

The state directly or indirectly owns half of French industry, but the government currently seems to be very hesitant about what course to take. Admittedly it can employ its "firemen," namely Jacques Delors, Laurent Fabius, Michel Camdessus (Treasury director), and Robert Leon (general secretary of the CIRI) who all have excellent means of taking short-term action. But it is a

totally different matter whenever the government has to act as a shareholder responsible for the strategy of state-controlled firms. The scandal over Elf-Aquitaine's "sniffer planes" illustrates to the point of caricature the clumsiness of the state in its role as owner of a business concern. How could it possibly be otherwise when high-level civil servants have to decide the future of trades they do not practice? But, conversely, the private sector's top management teams can hardly pat themselves on the back for the 10 years that have elapsed since the great shock [Arab oil embargo] of 1973-1974. When compared with the world's top money-making corporations, France's major industrial groups often look like duffers.

Machine Industry: Loss of 30,000 Jobs

The automobile industry's dossier opened with the violent dispute at the Talbot plant in Poissy. And this dossier is not about to be closed. To hold out against the Japanese, American, and German coalitions, the French auto industry will have to eliminate 70,000 jobs between now and 1988 (compared with 59,000 between 1978 and 1983).

It would appear that these job cuts are necessary if France is to maintain its competitiveness, as well as its rank as the world's fourth leading car manufacturer. At the present time, the French auto industry directly employs 363,000 persons producing 3.1 million cars. An additional 800,000 jobs indirectly depend on that industry. At Peugeot, employment is expected to be reduced by some 8,000 between now and the end of 1984 (10 percent of the Peugeot-Talbot workforce in France). At Citroen, there is talk of an excess of 1,700 to 2,000 workers. Renault's excess number of employees is said to be between 4,000 and 6,000. Renault recently announced that 1,500 of its 26,000 employees had been placed on early retirement at age 55. The company had previously cut 8,000 jobs since 1978. Renault is currently losing approximately 200 million francs per month.

Workers in other sectors of the machine industry are just as apprehensive.

a. Farm machinery sector

This sector currently employs approximately 34,000 persons. In 10 years--1973 to 1983--it lost slightly more than 10,000 jobs, or 23 percent of its workforce. Two urgent cases are now on [Prime Minister] Pierre Mauroy's desk.

(1) Massey-Ferguson France, France's leading farm machinery manufacturer, is planning to lay off several hundred workers at its Marquette-lez-Lille plant (2,035 employees), 321 of them because of the closing of its foundry. The company's request submitted to the government on 2 December covered 595 layoffs. This figure was lowered to 565 at a tripartite [management, labor, and government] meeting on 3 January.

(2) International Harvester, France's number-two farm machinery manufacturer, cut 900 jobs in 1983. It plans to eliminate an additional 413 at its Croix plant in 1984.

b. MTPS (hoisting and material-handling machinery) sector

A wretched conjuncture has caused employment to become unstable in this sector which had 31,000 workers in 1982 and now has only 25,000. The more critical cases include:

(1) Poclain. With an annual output of 2,500 power shovels and zero growth, this company's restructuring plan calls for some 400 to 450 job cuts between now and the end of 1985.

(2) IBH. This West German firm (11,000 employees) filed its petition in bankruptcy in November 1983, followed by a similar petition filed by its French subsidiary (1,100 employees). For 1984, its general manager intends to "rationalize" production in the company's plants at Saint Priest, Montbrison, Belley, and Bordeaux.

(3) Potain. This crane manufacturer's orders continue to dwindle. Hence its plants at Moulins (120 employees) and Commentry (110 employees) have been "shut down for an indefinite period."

(4) Albaret. This manufacturer of road building equipment (compacting machines) filed its petition in bankruptcy in late 1983. It had to adjust its organization and workforce to its declining production.

Steel Industry: Loss of 12,000 Jobs

The French steel industry must still eliminate 25,000 to 35,000 jobs in 2 to 4 years. Numbers and time frames still vary considerably with the sources. This week, Laurent Fabius initiated, at national and European levels, the process designed to irrevocably set the actual figures and times. All of these efforts will focus on preventing the most pessimistic assumptions from prevailing.

The most striking event of the past few days was the agreement signed at the highest level between Belgium and Luxembourg for restructuring the production of Arbed, Cockerill-Sambre, and Sidmar. The agreement calls for Arbed's Luxembourg mills to make only long products while the Cockerill-Sambre and Sidmar mills will specialize in flat products.

This reorganization conforms to the ECSC [European Coal and Steel Community] plan and its price is high. It cuts capacity by 3.5 million tons and eliminates more than 8,000 jobs.

Last year, the British Steel Corporation's plan was deemed to be in conformity with ECSC 1986 objectives. The Hoogovens (Netherlands) plan also now seems to meet the prescribed conditions. But the same cannot yet be said of the German, Italian, and French plans.

The Federal Republic of Germany has still not been able to satisfactorily resolve the Arbed Saarstahl problem.

Italy has raised questions of a different nature. That country has always disputed the criteria whereby the Brussels Commission apportioned the excess production to be eliminated within the ECSC.

That leaves France which still "owes" the Commission a minimum reduction of 380,000 tons in its capacity for making long products (machine-drawn wire), and which has not yet designated the site where this cutback in capacity would be made. What's more, because everything goes together in this field, France has still not adjusted to more modest trade prospects the goal of 24 million tons established by the steel plan formulated in the summer of 1982. Early in the week, Laurent Fabius met with union representatives from the metallurgical industries to initiate negotiations on job cuts and the terms and conditions thereof. Tripartite negotiations with the management of Usinor and Sacilor are scheduled to follow. During these negotiations the names of the "condemned" plants and shops will finally become known. But "this procedure will take some time. Hence it looks as if no immediate industrial decision should be expected," we were told by personnel of the industry and research minister's staff. In fact, release of the plan for restructuring the French steel industry has fallen far behind the European timetable. Usinor's 1984 budget has been rejected and Sacilor's budget will have to be reexamined. There is still great uncertainty about whether Usinor will replace its pig iron production facilities at Longwy and Neuves Maisons with electric furnace steel mills; uncertainty likewise about Sacilor's plans for building universal and "monovein" rolling mills to make more efficient use of the company's output of liquid metal.

Instead of making an abrupt announcement of inevitable decisions--the "great upheaval" advocated by some--the French minister, like his roman namesake Fabius Cunctator (the Temporizer), seems to have chosen to "play for time" as long as possible on both the national and European level. This strategy can pay off, of course, but it becomes more and more costly and difficult as time goes on. Yet the European steel crisis has now lasted much too long.

Chemical Industry: Estimated Loss of 6,500 Jobs in 1984-1985

With its workforce of 286,000, this industry has no reason to fear any mass layoffs. But a certain number of plants are now obsolete or are making products for which there is a declining demand. The two companies most directly concerned are Elf-Aquitaine's chemical division headed by Rene Sautier and CDF-Chimie [French National Coal Board-Chemical Division] headed by Francois Paolini.

Actually, job cuts will affect mainly Atochem (Elf-Aquitaine's chemical division) and CDF-Chimie. The former has programmed the elimination of about 3,000 positions in 2 years. CDF-Chimie's goal is to reduce its large 1983 operating deficit of 2.2 billion francs. To do this, it has to cut 2,000 jobs in 2 years.

The country's two fertilizer producers also have excess workforces: 1,500 employees at COFAZ [French Nitrogen Company] plus 1,000 at CDF-Chimie and AZF [Nitrogen of France], formerly APC [Nitrogen and Chemical Products], combined. At Rhone-Poulenc, the reduction in personnel is limited to 500 in the immediate future (cellophane plant and a few positions here and there).

Shipyards: Loss of 6,000 Jobs

Jacques Dollois is the president and general manager of NorMed, Northern and Mediterranean Shipyards (12,000 employees), the country's leading privately-owned shipbuilding firm. Last week, Dollois told his firm's employee-management central committee that he did not yet have a real restructuring plan but only three "production hypotheses."

Indeed, the future depends on a few highly hypothetical orders, and on whatever financial assistance the government may decide to furnish so as to revive stalled negotiations with prospective ship owners. Yet even in the most optimistic case, the three major shipyards-Dunkerque, La Ciotat, and La Seyne--will be able to maintain production at only a minimum capacity of 215,000 adjusted gross tons per year, much below the 1983 level of 240,000 tons which was already low. Should that gross tonnage figure become a reality, that would limit job cuts to 745. But as Jacques Dollois himself admitted, this appears "hardly compatible with the state of the market."

Hence more substantial reductions in levels of production cannot be avoided. By maintaining its production level at 150,000 adjusted gross tons, NorMed would like to keep three shipyards in operation, at a cost of 3,325 job cuts. Company officials acknowledge that this would still be "an ambitious goal considering the present situation, and one that appears to exceed budgetary capabilities."

Consequently there is a third hypothesis, namely a production level of 100,000 adjusted gross tons that would require eliminating 5,687 jobs and closing one shipyard. The latter could be Dunkerque or La Seyne. Closing the Dunkerque yard would geographically concentrate shipbuilding activity in the south. Closing the La Seyne yard would not only save jobs but also spare Nordic subcontracting.

The government will settle the question once and for all. When discussions between management and workers representatives are completed, the government will have the difficult task of arbitrating. Hence the problem is political. It is also financial, however, because each hypothesis involves financial assistance, the amount of which currently covers 30 to 60 percent of the price of each order. Thus it will cost French taxpayers 2 billion francs if the first hypothesis is chosen, 1 billion if it is the third, and 1.4 billion if the intermediate solution "gets the nod."

But the 1984 budget contains no more than 1.6 billion francs earmarked for such financial aid. And NorMed is not the only shipbuilding firm in deep trouble. Yards everywhere are running out of work. The state-owned shipyards of the Alsthom group--Atlantic Shipyards at Saint Nazaire and Dubigeon at Nantes--are also apprehensive about their future, and about their 7,120 employees. Engineering unemployment at Dubigeon is almost total. And although the Atlantic Shipyards is one of Europe's most technologically advanced yards, it will not be able to avoid running out of work next June.

Hard pressed by the NorMed case, the government would like to keep at least the western shipyards afloat. Hence the probable French Navy order for a special type transport and general stores issue ship (BTMS). This will provide 1.3 million hours of work starting in early 1985. From now till then, a dredger or a car ferry could perhaps keep some yards working.

The government recently refused to grant the shipper Delmas-Vieljeux import licenses for four 33,000 tons bulk carriers, two of which will now be built at Saint Nazaire. Here again, government funds will be drawn upon.

But our shipyards cannot all be recipients of governmental bounties. Will not saving the Atlantic Shipyards mean sacrificing Dubigeon? Not to mention other smaller shipyards such as AFO (Western French Shipyards), the Le Havre-La Rochelle-Pallice Shipyards, or ACSO (Southwestern Shops and Shipyards). These yards employ a total of 5,000 persons, all of whose jobs are also threatened in the long run. In the coming months, a total of 6,000 jobs will, therefore, be in jeopardy, and probably 10,000 in the next 3 years. This is more than half the present workforce.

Electrical and Railroad Equipment: Loss of 6,500 Jobs

From 1970 to 1975, the number of persons employed in the electrical equipment industry rose from 80,000 to 94,000. By 1980 that number had dropped back to 88,000. Since then, the industry has lost 1 to 2 percent--1,500 to 1,800 persons--of its workforce each year.

The economic outlook for 1984 and 1985 is mediocre and varies with the sectors: a decline of 8 percent in the industrial equipment sector, except for automation devices; a decline of 2 percent for rotary engines; and a decline of 2.6 percent for low-voltage equipment. Incidentally, the volume of orders for heavy electrical equipment slumped 30 percent in 1983. These prospects of a 2 percent decline in business mean that the jobs of an estimated 2,000 persons are at risk in 1984.

The picture is the same for manufacturers of railroad equipment. Since 1978, the railroad equipment industry's average workforce has remained stable at approximately 30,000 persons. Foreign sales, which in 1983 accounted for 37.2 percent of the industry's business, combined with a steady domestic market--SNCF and RATP [French National Railroads and Independent Paris Transport System] programs--made this stable workforce figure possible. Nevertheless, the harsh fact is that SNCF and RATP now have to reduce their purchases of new equipment. At the same time, competition for export sales is becoming tougher. Pending start-up of the TGV-Atlantique [very high speed train service to the Atlantic coast] program in 1986, the years 1984 and 1985 should mean elimination of 5,000 jobs.

Coal Industry. Loss of 4,000 Jobs

A cutback in the production of coal is now an established fact. The plan to expand output to 30 million tons by 1990 has been dropped. The government is reverting to a target of 17.5 million tons. The CDF [French National Coal Board] ended 1983 with losses of 1.83 billion francs despite subsidies of 6.5

billion. Each miner costs the taxpayers 150,000 francs. Thus Michel Hug, CDF's general manager, must henceforth manage the slimming down of the coal industry.

Certain sites in the Coal Mines of the North and Pas de Calais [Straits of Dover], and in central southern France are already scheduled for shut-down. CDF management had prepared and submitted a plan to its governmental oversight authorities. It called for 8,000 to 10,000 job cuts this year. At the request of Laurent Fabius, this plan was revised so that now "only" 5,000 to 6,000 jobs--more likely 4,000--will go this year, including 2,000 in the Coal Mines of the North.

The CDF will have to trim 20,000 persons from its workforce between now and 1988 if it wants to limit its financial losses. The CDF currently has 58,000 employees, 47,000 of whom are blue-collar workers.

Foundries: Loss of 4,000 Jobs

The slump in our foundries thoroughly epitomizes the slump in French industry as a whole.

a. The recession in sectors that are the foundries' chief customers: transportation, mechanical engineering, farm machinery, electrical equipment, etc. Not to mention the building trades, heating systems, offshore drilling, aerospace industry, arms industry, etc.

b. Foreign competition: some countries, primarily Spain and Italy, charge prices twice as low as ours for simple shaped forgings.

c. Technological changes, particularly in processes: the highly traditional structures of the trade have difficulty adjusting to these changes, and above all, labor no longer meets the new requirements.

From 1978 to 1982, the workforce in our foundries dropped from 90,000 to 76,400 persons, or a 15 percent decrease compared with a production decline of 11 percent. This downward trend intensified in 1983. It is estimated that the workforce had dipped to 74,000 by year's end. Thus a total of some 16,000 jobs have been lost in the past 5 years. In 1983, work on standard (i.e. from stocklists) pieces declined 40 percent and 15 to 30 percent on patterned (custom-made) pieces. Steel foundry output was below 125,000 tons in 1983 versus 180,000 tons in 1982, a decrease of at least 30 percent.

Accelerated restructurings must be expected in the foundry business. Layoffs will hit primarily steel foundry operations that could gradually lose half of their present workforce of some 8,000 persons.

Telephone Industry: Loss of 1,500 Jobs

In 6 years, the telecommunications industry lost about 18,500 jobs. Its total workforce was 54,700 persons at the end of 1982. The shift from electromechanical technology to electronic technology has considerably

modified production structures. The annual rate of personnel cuts has now slowed to 1 percent against the average 5 percent for the previous 4 years. However, the industry is still far from being out of the woods.

Gains in productivity still have to be achieved. Upon conclusion of the deal between Thomson and CIT-Alcatel, Alain Gomez [Thomson's chairman] bluntly announced that Thomson had an excess of 5,000 employees and CIT-Alcatel an excess of 2,000.

There is initially only one way to reduce the number of jobs to be eliminated: maintain government orders at current level even though there is talk of a 20 percent cutback in the PTT [Postal and Telecommunications Administration] program.

Another key element with implications for the future is the fact that continued concurrent manufacture of Thomson's MT and CIT-Alcatel's E-10 telephone exchanges seems quite inconceivable. Sooner or later, a choice will have to be made between the two.

The CGCT [General Telephone Manufacturing Company] is still in the red. It has approximately 1,000 excess employees. Negotiations are underway on "temporarily" transferring part of them to the PTT.

Pierre Mauroy's Five Possible Ways of Alleviating Unemployment

The government is currently exploring five possible ways of mitigating the effects of industrial restructuring.

- a. Training leaves or contracts. The wage earner about to have his position abolished could be granted training leave in the possible form of a new type of labor contract. Actual dismissal would not occur until completion of a maximum of 2 years training.
- b. Development of training programs combined with reductions in the workweek. The hours cut from the weekly work schedule would be devoted entirely to reconversion training. Compensation for the reduced hours of work would not be charged to the businesses concerned.
- c. Delimitation of "free zones" or reconversion areas. Businesses moving into high unemployment areas could, for a period of 2 to 5 years, receive special governmental assistance and even some relief from legislative and fiscal constraints. Fifteen geographical areas are currently under consideration.
- d. Give new impetus to graduated early retirement, a type of "solidarity contract" that has not had much success thus far.
- e. Incentives to encourage immigrant workers to return to their home countries: average severance pay of 40,000 francs would be modulated according to individual situations and could be combined with retraining help in the home country.

CONSTRUCTION INDUSTRY RECESSION, UNEMPLOYMENT

Madrid ABC in Spanish 26 Jan 84 p 39

[Text] The Administration's debt exceeds 100 billion.

The past 1983 fiscal year was the worst for the Spanish construction industry in the last years, since it is estimated that there was a recession of 2 percent, stated the president of the National Confederation of the Construction Industry, Ignacio Briones.

According to the builders's figures, on the basis of the existing data it may be said that the consumption of cement has decreased 2.8 percent in 1983, while the population employed in this sector has decreased 3.1 percent and presently consists of approximately one thousand jobs.

Precisely for the purpose of avoiding any decrease in employment within the sector and of promoting construction, with its "locomotive" effect on the domestic economy, the CNC has developed a well documented reactivation program. Its implementation would achieve, in the year 1986, the creation of 93,000 primary jobs --in spite of the 30,000 that were lost in 1983-- and up to 200,000 secondary jobs. The figures considered by the builders show that the average investment within the sector in order to generate one primary job is 1.9 million pesetas, which becomes 3.2 after two years due to their secondary effects.

The plan proposed by the builders is based on the relaunching of infrastructure and housing works. The first area emphasizes the hydraulic policy that it will be necessary to undertake in order to match the new needs derived of greater consumption and the improvement of the transportation infrastructure in order to match that of the rest of European countries. The housing area, among other things, requires a clear delimitation of what is public and private initiative, and the amendment of the Urban Leasing Law.

However, the builders' study may be considered only a statement of wishes, whereas the solution to these wishes is, in many instances, still to be developed. All the proposals so far put forward are based on financing and here the need to create an appropriate framework that will allow these realizations is recognized, although it has not been specified what this could be. The group of experts of the CNC is already working on this problem.

INDUSTRIAL POLICY FRAGMENTS GOVERNMENT; LABOR PROTESTS

Madrid ABC in Spanish 26 Jan 84 pp 9, 37

[Text] The start-up of the different processes of industrial reconversion has provoked a confrontation between the government's vice president, Alfonso Guerra, and the minister of industry and energy, Carlos Solchaga. Yesterday, during the meeting of Council of Ministers, Guerra proposed to cut down some of these plans that, in his opinion, obstruct the official policy of reducing the stoppage in the short term. In the meantime, the popular mobilizations continue.

The pressures to which the ministry of industry has been subjected by the trade unionists of the UGT (General Union of Workers), have been backed by the more radical sector of the party. The words of Nicolas Redondo, in the meeting of general secretaries of several Federations of the UGT, have been assumed, in part, by Alfonso Guerra himself. Redondo stated that "the Government has wanted to make an example with the Aceriales problem and it is still to be seen what will happen with the naval reconversion, the banking line and other problems." Although Guerra's layout is not so aggressive, reliable sources informed ABC that yesterday the Government's vice president submitted before the Council of Ministers, the proposal to cut down some aspects of the reconversion.

In the opinion of Alfonso Guerra, the sacrifice of jobs implied in these restructuration proceedings will prevent the realization of the plans to reduce unemployment announced by the PSOE [Worker's Socialist Party of Spain]. Julian Campo, minister of public works and urban affairs, backs the vice president's position. The rest of the economic team of the Government is in favor of keeping the plans within the guidelines contained in the decree-law of industrial reconversion. According to Solchaga, these industries, and consequently the jobs, may be saved only if the announced restructuration projects are firmly implemented.

Disturbances in Spain

While the official discussion is under way, several activities and protest actions against the industrial reconversion took place yesterday throughout Spain. The demonstrations against the provisions concerning the regulation of employment in companies of the naval and special steels sector were

particularly hard. It is estimated that 32,000 workers of the naval sector participated in the protests convoked by the trade unions. The shipyards of El Ferrol, Sevilla, Cadiz, Puerto Real, Sestao, Olaveaga, Asua, Manises and Union Naval de Levante stopped during two hours. In addition, there were concentrations in several localities, as well as traffic stoppages in Ferrol, Santander and Bilbao.

The workers of the special steels industry were also involved in several protest actions in Bilbao, while their representatives submitted an appeal against the resolution before the Employment's General Directorate, which authorizes Aceriales to rescind eight hundred eighteen contracts and advance nine hundred fifty-eight retirements. The companies affected by these employment regulations are Echevarria, Olsa, Orbegoza and Aceros de Llodio.

It is expected that the conflicting situation will continue throughout the coming weeks, as the negotiation of the more than three thousand six hundred collective agreements that shall be signed, one by one, throughout the first quarter, start getting under way. The CEOE's Executive Committee studied its bargaining position last Tuesday and the UGT did the same yesterday.

The actions of workers of the companies affected by the processes of reconversion cover practically the entire country. Some 32,000 workers of the naval sector participated in the day of stoppage convoked by the trade unions in order to demand bridge actions for the shipyards under employment regulation actual negotiations and against the non-fulfillment of previous agreements.

The shipyards of El Ferrol, Sevilla, Cadiz, Puerto Real, Sestao, Olaveaga, Asua, Union Naval de Levante and Manises stopped work for 2 hours. In Vigo, the workers staged a rally and a march. In El Ferrol, in addition to the two-hour stoppage a demonstration took place yesterday. In Santander, the shipyard workers gathered in front of the Workers Delegation and cut access to the capital by road at certain points. In Bilbao, several thousand workers, belonging to the companies under reconversion, demonstrated yesterday against the layoffs. For this action, which had been called for by the shipyard's trade unionist sectors, with the exception of UGT, came the workers from Echevarria, Olsa, Stein Roubaix and the Inter-mutual Health Residence of Archanda. The signs read: "No to the INI [National Institute of Industry] and ASEA plans", "No to the closing down of Euskalduna". In Astano, the workers approved an action plan for the next few days in the area of El Ferrol.

In the meantime, the workers' organizations of Aceriales (a group of concerns that include Echevarria, Olsa, Pedro Orbegoza and Aceros de Llodio) have submitted an appeal against the Workers General Directorate resolution, authorizing Aceriales to rescind 818 contracts and advance 958 retirements. Yesterday there were still actions by these workers in Llodio, Hernani and in points of Biscay. In Llodio they again cut the railroad, placing large pieces of metal and intercepting the roads of access at various points.

In Barcelona, the Company Committee of the Maritime and Land Machinist (Association) remained behind closed doors throughout Tuesday night, and yesterday there was a meeting of almost the entire staff in order to arrange for the realization of stoppages and a demonstration. The workers want to force the company's management to unblock the negotiations of the collective agreement, after the managerial ultimatum demanding previous acceptance, without counterpart, of a measure that regulates the working day for six months for 1,645 workers of the 2,600 of the staff.

Aceriales has also been the object of the discussions at the meeting of secretaries of the provincial Federations of the UGT. Nicolas Redondo has stated that the treatment given to Aceriales was not necessary and this situation has made any action difficult, even by the Socialist Party. He deemed the rescission of contracts as untimely in that grouping of companies "at a time where elections are under way in the Basque Country."

In that same meeting the trade union position was reviewed in view of the negotiation of the 3,600 agreements that management and trade unions must sign.

In Sevilla, the approximately 150 day laborers that have been locked up in the cathedral since last Monday have decided to continue their voluntary confinement in spite of the release of 16 day laborers who were in prison and who had been arrested because of cuts on the railroads. The workers intend to have a meeting with the archbishop of the Sevilla diocese.

12493

CSO: 3548/171

RECONVERSION POLICY MARRING COLLECTIVE BARGAINING

Madrid ABC in Spanish 21 Feb 84 p 51

[Article by Amancio Fernandez]

[Text] The slow pace of negotiations and the creation of an atmosphere of strife with the added tension of the reconversion process are the principal characteristics of the collective bargaining talks held to date. So far this year, in only 60 of the 3,600 contracts to be negotiated has any agreement been reached.

The lack of a model agreement to serve as a reference point has created a climate of confusion in the labor sector. Not only are the negotiations progressing at a snail's pace, but there is also an atmosphere of strife revolving around the call for strikes, intensified by the industrial reconversion, and the implication of the government enterprises. Under these circumstances, in some sectors there has been talk of achieving a social agreement that would cover collective bargaining as well as reconversion. Whereas in some government sectors an effort is being made to attain some kind of agreement with the social opponents, in other sectors just the opposite is the case. Management, on the other hand, is willing to negotiate only specific issues and not intentions, according to business circles surveyed by ABC.

Collective bargaining is bogging down, and in the sectors with the most workers the contracts are beginning to be torn apart. Only in the metal industry is any progress being made. In the rest of the major contracts, the initial jockeying for position is still going on. In the metal industry, negotiations are taking place at the provincial and company levels. Contracts have already been signed in Navarra, Madrid, Cordoba and Guipuzcoa, with wage hikes of 7, 7.5 and 8 percent, respectively. Negotiations are well underway in Valencia, Lugo, Gerona and Barcelona. Individual company contracts have been signed with Talbot and Motor Iberica, with raises of 7.66 and 7 percent. The revisions of the 1983 contracts have been signed in Vizcaya, Burgos and Badajoz.

In construction, with more than 1 million workers, negotiations have barely begun. An agreement in principle has been reached only in Lerida, and a strike has been announced in Madrid. In transportation, with some 150,000 workers, negotiations are proving to be very difficult in the private and

public sectors alike, with strikes already called at Iberia, Aviaco and Renfe, and announced in the highway transportation sector.

Contracts are being negotiated on a national scale in the textile and clothing industries, with about 400,000 workers. At this time, talks have broken down, with sharp differences on break time and with work stoppages already announced. In the banking sector, with some 170,000 employees, bargaining has just begun. In graphic arts and paper, with 159,000 workers, very little progress has been made after six sessions. In chemicals, with 200,000 employees, the bargaining has reached an impasse. The Merchant Marine contract bargaining has begun, and the contracts of the large warehouses are being reviewed.

On the territorial level, in Andalucia a serious effort has been made to reach provincial model agreements on the part of the General Union of Workers (UGT), the Workers Commissions (CCOO) and management organizations; in Castilla-Leon and Castilla-La Mancha, talks have snagged, as is the case in Extremadura and Galicia. In the Basque Country, talks are moving along in the metal sector, with a revised contract already signed in Vizcaya and a new contract for this year signed in Guipuzcoa.

One characteristic of the contracts already signed is the elimination of uncertainty about the revision clause; most of them have eliminated it, or it is made annual. The trend is to raise wages higher and not to include the revision. As for the workday, most contracts prescribe a yearly number of hours (1,826 hours).

Of a total of 64 contracts signed as of 17 February or with preliminary agreements, 37 are provincial, one national and the rest for individual companies. The wage raises agreed to amount to less than 8 percent in 48 of the pacts, and 27 of them have no revision clause. In 25 of the contracts, an 8 percent raise is granted, and of those, 17 have no revision clause. Ten of the pacts provide for wage increases of more than 8 percent; 14 contracts raise pay between 7 and 8 percent; 10 provide for raises of 6 to 7 percent; and 3 have wage hikes under 6 percent.

8926

CSO: 3548/194

PCE'S SARTORIUS ANALYZES SPAIN'S SOCIO-ECONOMIC PLIGHT

Madrid MUNDO OBRERO in Spanish 17-23 Feb 84 pp 9-10

[Article by Carmen Rivas]

[Text] Nicolas Sartorius, in charge of socio-economic matters for the Party, presented a report on the economic and social circumstances in Spain to the Central Committee, meeting in Seville. He summed up the situation as follows: "The impression we have is that the government's economic policy and the positions of the Spanish Confederation of Business Organizations (CEOE) have given rise to a social and economic situation that could be described--and we do describe it--as the most tense time of the transition period, with major repercussions on the nation's political scene."

Regarding the elements that comprise the international economic crisis, Sartorius stated: "Without analyzing all of them, two salient points must be stressed: the budgets submitted by President Reagan to the U.S. Congress and the question of the Common Market.

Nicolas Sartorius said of the Spanish economic situation at the end of 1983: "The Gross Domestic Product will grow by about 2 percent. That has been brought about by a considerable increase--although not as much as the government said--in exports; the employed population, looking on the supply side, has declined by 0.9 percent, while at this time more than 2.4 million workers, 18.4 percent of the workforce, are unemployed. The real volume of wages in this country has shrunk by 1.1 percent. Prices received by farmers have risen 7.2 percent less than the rate of inflation; industrial prices have risen 13.2 percent."

Benefits to Business Don't Create Jobs

"With regard to the assertion that the relation between wages, benefits and investment will generate employment if the government's predictions come true, the figures reveal just the opposite," Sartorius went on.

"We have unofficial indications that in 1983 the business surplus grew considerably in real terms as well as monetary terms, while the volume of wages fell by 1.1 percent. We also know that given this business surplus and the declining volume of wages, investment dropped another 1.1 percent this past year. In other words, the government's idea that by increasing the business

surplus and cutting real wages it will promote private investment has once again been disproven by the facts."

The Executive's lack of a fiscal and budgetary policy was also criticized in Nicolas Sartorius' report.

"Decisive issues for us, such as fiscal and budgetary policy, which make for a more progressive social policy, are not included in the calculations of the Socialist Government. Its plans, pursuant to the recommendations of management, are to cut the public deficit by 3.3 percent by 1986 and to relieve fiscal pressure gradually over the coming years. A progressive policy, however, would call for considerably increasing that fiscal pressure, since there is a major gap between Spain's Gross Domestic Product and its taxes."

Industrial Reconversion Policy

Sartorius asserted that reconversion is a key issue at this point in Spain's social and economic development.

"We have claimed that the basic elements of the economic policy pursued by the Socialist government resemble increasingly what we understand to be a stabilization plan. This conservative stabilizing policy is the framework within which the industrial reconversion policy is being implemented, but two important facts must be taken into account: First, that the unemployment rate is higher than that 18 percent (next year, according to forecasts by the Organization for Economic Cooperation and Development [OECD] for 1984, unemployment will be nearly 19 percent in Spain), and second, that the major investment projects are paralyzed and have experienced severe cutbacks.

"From our point of view," Sartorius went on, "the reconversion means reorienting productive capacity toward other products, or using new productive processes to produce the same thing.

"Experience shows that upsetting financial resources to bring enterprises or sectors back to health and cutting back payrolls is economically inefficient, socially undesirable and politically untenable, if action is not taken at the same time to deal with the technically obsolete facilities that are the real causes of economic losses.

"In its industrial policy, the government has forgotten the essential fact that it is impossible to carry out the reconversion without agreements with the unions and social forces.

"The heart of the matter, therefore, is the government's philosophy of undertaking a simple industrial readjustment, and our position is that while such a readjustment is obviously necessary, there must also be industrial promotion, reindustrialization, and the parallel creation of alternative employment. This is the gist of the question: A true reconversion and reindustrialization plan must take into account certain criteria, which I will briefly outline here:

"In the first place, the selection of sectors within the strategy of an international division of labor must be taken into consideration. Secondly, control and real participation by social forces must be established, and not merely through monitoring systems. The problem of reconversion in public enterprises must be rethought, and bolder initiatives must be taken in terms of participation and control by the workers in this area. Third, a territorial reindustrialization effort must be developed. Fourth, the state must play an active role and not leave everything to private enterprise. It is also necessary to undertake the reform of the financial system in order to meet the expenses that an operation of this kind would entail."

Community Employment and Agrarian Reform

Regarding Community employment and the Integral Agrarian Reform Program, Nicolas Sartorius declared: "The new system of subsidies for rural workers is a step backwards from the previous situation. The most important and critical points are: a monetary reduction with respect to what was collected last year of more than 30,000 pesetas for the year as a whole. To qualify for the subsidy, beginning in 1985 the requirement will be 60 days worked and assessed in the previous year. Thousands of workers will be unable to meet this requirement, and will be ineligible for the subsidy."

"Once the 6 months of subsidy run out, a worker will not be able to obtain any more until 1 year after he began receiving the subsidy."

"The subsidy will be paid only in Andalucia and Extremadura."

"One strict requirement to qualify for the subsidy is to earn no more than 150 percent of the SMI [expansion unknown] in the family unit, which in practice means that no more than three people in a family will ever be able to draw the subsidy."

He remarked that the budget allocation (15 billion) is insufficient, since it would provide work to only 64,255 workers for 3 months.

Sartorius continued his presentation, pointing out that the most dangerous aspect of this situation is that the government is trying to convince the public that the crisis is serious and there is no economic policy other than its own. "This assertion is completely false, because the current economic policy is really just one of many possible ones, the one traditionally implemented by the conservative forces to make the workers shoulder the burden."

"A new, different economic policy will be possible only if we are capable of generating a change of opinion in society to maintain the policy and change it as much as necessary, to attain a good economic policy based on the solidarity of society as a whole, not on unilateral sacrifice by wage-earners and the sharing of poverty among the unemployed. This policy must be guided by the struggle against unemployment, with all the repercussions that entails."

After stating that with increasing social pressure, some very important partial successes can be achieved, such as convincing the government to sit at

the table again with the unions to negotiate industrial reconversion and community employment seriously and satisfactorily, he went on to say: "But a turnaround in economic policy in general to free up productive capacities, human energies, and wealth, and in the final analysis, to avoid the inflationary spiral, is possible only if the structure of an entire series of sectors is reformed."

Nicolas Sartorius concluded his report by expressing the need to launch a social mobilization, with a broad debate in society to define ever more clearly our alternatives, a great political operation that would turn the government's economic orientation in a more progressive, unified and harmonious direction.

8926

CS0: 3548/194

JANUARY UNEMPLOYMENT RATE POSTS RECORD

Stockholm DAGENS NYHETER in Swedish 10 Feb 84 p 9

[Article by Lilian Ohrstrom]

[Text] The highest unemployment figures in history for a January were reported by AMS (National Labor Market Board) and the Central Bureau of Statistics (SCB). According to the latest labor market survey, 162,000 people were unemployed.

"But the number of both industrial and public-sector jobs increased. Our predictions of lower unemployment further down the road seem to be correct," said Ake Dahlberg, head of research at AMS.

"Unemployment did increase by 15,000 in 1 month, but it usually increases by even more from December to January," he said.

3.7 Percent

Thus, the official unemployment figure for Sweden is 3.7 percent. But many more are without jobs on the open labor market.

A total of 78,500 Swedes held emergency relief jobs and 49,500 were being retrained. In addition, just over 2,000 were employed contingent on AMS subsidies and 62,000 handicapped people were employed by state-owned companies or were receiving subsidies.

The table below also indicates a large number of part-time workers who would like to work more, as well as a large number who would and could be employed, but were prevented from doing so during the week the survey was taken by the Central Bureau of Statistics.

A constant critic of the AMS and SCB unemployment figures is Hans Hagnell, governor of Gavleborg County.

'Gloss Over'

"These figures gloss over reality and give the impression that unemployment is only about 3 percent," he said.

"We must not be tricked into believing that we have the world's best unemployment figures when, in reality, more than 10 percent of our people have been eliminated from the open labor market," he said.

"According to an international agreement, only those who are without work and are prepared to take a job immediately are reported as unemployed," said Ake Dahlberg of AMS.

"For example, those who are being retrained are not reported as unemployed abroad, either. The United States recently changed their statistical methods so that they now more closely resemble ours," he said.

Eliminated

The statistics show that there is an unusually high number of people in Sweden who are participating in special programs instead of simply receiving cash unemployment benefits.

"It is good that we take care of the unemployed in Sweden," said Hans Hagnell, "but putting band-aids on accidents that already have occurred creates no new jobs."

"Instead of hiding unemployment, it should be reported in order to give a clear signal to indicate that our labor market does not work," Hans Hagnell said.

One group never mentioned in the Swedish unemployment statistics are those who have been eliminated from the labor market by early retirement. This is a growing group in Sweden.

During 1983 there were 5,400 people in Sweden who had retired early simply for labor market reasons, i.e. the lack of jobs.

But also among those who retired early are a number of handicapped people who would have continued working if jobs had been available. In January of this year there were 307,400 early pensioners in Sweden. That is 27,000 more than in January 1980.

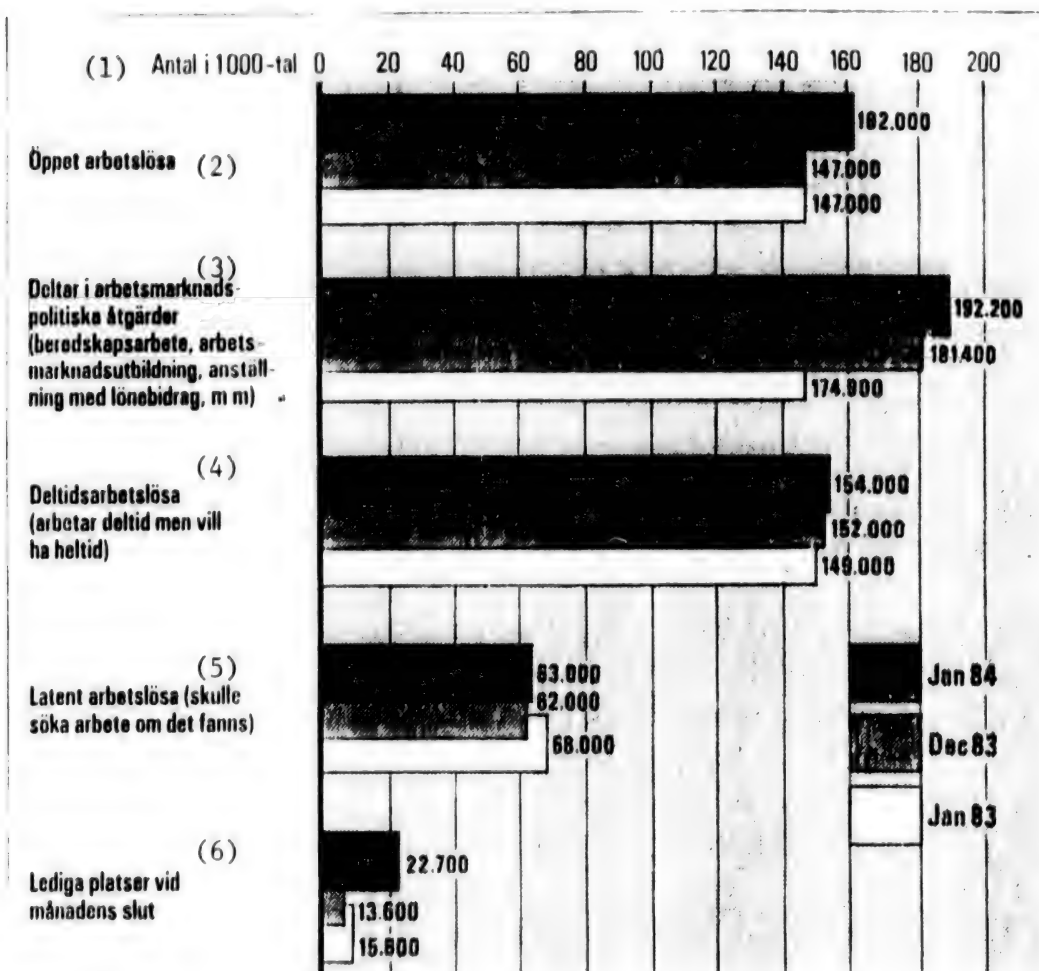


Diagram KENT ENSTROM/BO PERSSON

Unemployment continues to rise. The graph above, produced by DAGENS NYHETER, compares the unemployment picture this past January to that of January 1 year ago. Both open unemployment and the number of people in special programs have increased. The figures do not include youth under 18 years of age or the 14,000 positions made available late in the month under the Youth Employment Act.

Key:

1. Number in thousands
2. Open unemployment
3. Participating in special programs (emergency relief jobs, retraining, subsidized jobs, etc.)
4. Part-time workers (working part-time but would like to work full-time)
5. Latent unemployment (would seek jobs if available)
6. Available jobs at end of month

9336

CS0: 3650/111

GOVERNMENT REDUCING AID TO INDUSTRY 'CRISIS' SECTORS

Stockholm DAGENS NYHETER in Swedish 7 Feb 84 p 8

[Article by Olle Rossander]

[Text] The Industry Ministry has now closed its "emergency ward."

The crisis sectors have received their treatment and the economic upswing has arrived.

But industrial subsidies still cost the state billions of kronor each year. Now is the time to examine the long-term convalescence and corporate health of Swedish industry.

Now that the "emergency ward has been closed, state subsidies to industry probably will be reduced by two thirds this year.

Temporary emergency subsidies to the forestry, steel, and shipbuilding industries have been eliminated almost entirely.

Last fiscal year the government paid out 11.7 billion kronor. This year, 1983/1984, the figure is being reduced to "just" 4 billion kronor in this type of "nonpermanent" support.

Most of the money now being spent was allocated long ago, although new funds have been allocated for Eiser (38 million kronor), Regioninvest in the north (230 million kronor), and special steel (450 million kronor).

To be sure, the shipbuilding industry may need more money and new crises could develop, but in principle the emergency ward is closed.

Indecision

This decision was made, in part, because the need is no longer so acute and, in part, for political reasons.

"It was an expensive method of offering support, of dubious value," ministry advisor Carl Fredriksson of the Industry Ministry told DAGENS NYHETER.

"The short-term problems were often overestimated. An unholy alliance of labor, business, and local authorities created the myth that things would improve and that the optimistic predictions were correct."

"There also was a lack of quick, sound decisions by the government and by parliament."

Other government subsidies also are being reviewed. The less dramatic, but expensive "corporate healthcare" and "long-term convalescence" may anticipate changes.

Last fiscal year the government distributed 5.5 billion kronor in various types of more general support and this figure has a tendency to increase.

In addition, there is an unknown quantity of open and hidden support provided by municipal and county governments. Probably no one knows how high the total is but a committee has been appointed to find out.

For several years the Industry Ministry has attempted to find a reasonable method for calculating how high state subsidies to industry actually are.

Largest In World

The total figure involves not only pure subsidies, but also costs to the state resulting from loans and loan guarantees.

"We now have a relatively good set of statistics that show net subsidies each year, i.e. what the state actually pays out," said Lars Lundberg of the Industry Ministry.

Critics both in and outside Sweden have said that Swedish subsidies are among the largest in the world. Accusations from various trade partners and opposition politicians, who say that they create unfair competition, have been heard frequently in recent years.

This criticism is dismissed by the Industry Ministry, which was supported by a study conducted by foreign consultants.

"This study showed that the large EC countries (Germany, France, and England) have more types of subsidies. With regard to volume, Sweden is at the upper end of the scale, but it is extremely difficult to measure these quantities," Lars Lundborg said.

Different Taxes

For example, the corporate tax structures are so different. In Sweden, companies enjoy an extremely favored status, paying only an average of 15 percent in taxes after deductions, compared to the tax scale of 58 percent.

Distributing public subsidies in the proper manner is a problem.

State and local authorities with no real expertise must make decisions that may be too complex even for banking experts.

"The national government often lacks competent people to make economic analyses and reach decisions. The banks are better prepared to do this. In addition, the state is in a poor bargaining position with respect to business. All decisions must be made at several levels and, in the end, parliament often has to take a position," Carl Fredriksson said.

Shift

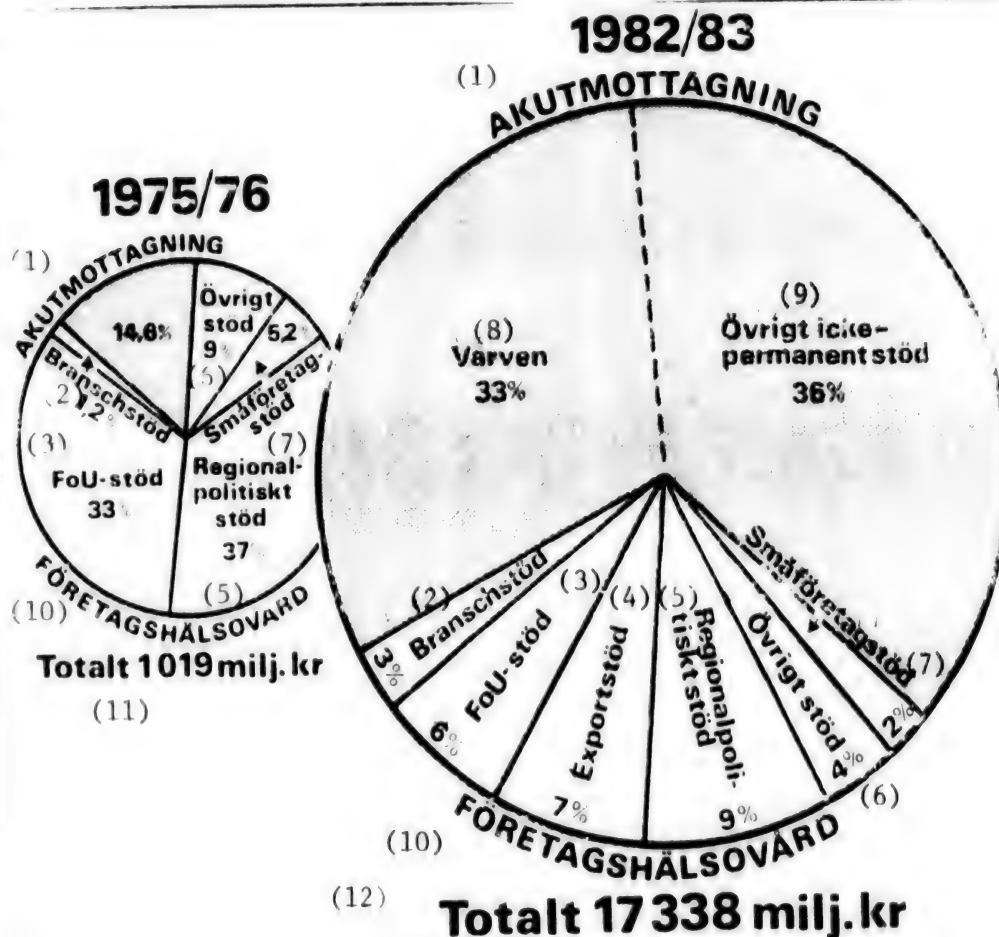
There also has been a shift in the business activities of the national government.

"We now realize how difficult it is for politicians to make business decisions. Instead, the politicians should just set the groundrules."

"Statsforetag AB should have the same goal as any other commercial enterprise. If anything else is done for political reasons, as in the case of Eiser, the cost should be determined and the state should pay the difference, according to the bid offered by Statsforetag AB."

"But why should there be no competition in this area? Let others, including foreign companies, turn in bids. Just look at the purchase of Luxor by Nokia. The state should not be required to negotiate with just one party," Carl Fredriksson said.

"Much remains to be done, but Statsforetag AB could become the success story of the eighties. Statsforetag could also let in new owners, who could purchase minority holdings in Statsforetag."

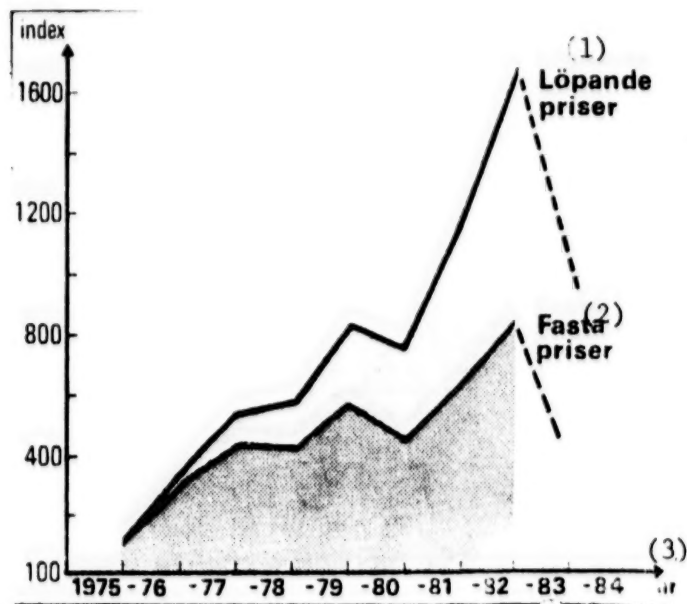


Since the 1975/1976 fiscal year, subsidies to industry have increased from just over 1 to just over 17 billion kronor annually. This is in addition to an as yet unknown sum in local and other subsidies to industry.

The temporary emergency support and various forms of export credits increased most. Last fiscal year the crisis-ridden shipbuilding, steel, and forestry industries received almost two thirds, or 11 billion kronor in subsidies.

Key:

- | | |
|-----------------------|------------------------------------|
| 1. "Emergency ward" | 7. Small business subsidies |
| 2. Sector subsidies | 8. Shipbuilding |
| 3. R&D subsidies | 9. Other nonpermanent subsidies |
| 4. Export subsidies | 10. "Corporate healthcare" |
| 5. Regional subsidies | 11. Total of 1.019 billion kronor |
| 6. Other subsidies | 12. Total of 17.338 billion kronor |



Key:

1. Current prices
2. Fixed prices
3. Year

State subsidies to industry reached an absolute peak last fiscal year when 17.338 billion kronor was paid out in various forms of support.

This fiscal year the Industry Ministry estimates that these payments will be reduced by about two thirds.

The reductions are being made by eliminating the so-called "emergency ward."

9336

CSO: 3650/111

LIBERAL PAPER APPROVES PLAN TO CUT SUBSIDIES TO INDUSTRY

Stockholm DAGENS NYHETER in Swedish 8 Feb 84 p 2

[Editorial: "Give Money to Companies?"]

[Text] Business often complains about its unfavorable conditions in Sweden. These complaints are not always justified: sometimes the politicians treat businesses quite generously, especially if they are doing poorly enough.

During the seventies, industry received 100 billion kronor in direct support. During the early eighties, subsidies increased to just over 17 billion in 1983. There will be no more in the future, however, according to the proposed budget and the Industry Ministry. Now crisis-ridden companies must become profitable and take care of themselves.

The Industry Ministry has said this every year since subsidies began on a large scale.

Almost all industrialized countries subsidize their companies--except Switzerland. There companies must get by without subsidies. As a result, Switzerland has become highly competitive, despite the high exchange rate. EC principles of competition and free trade have not prevented England and France, for example, from subsidizing failing industries.

In a comparative analysis, a researcher at the Industrial Research institute, Bo Carlsson (Ekonomisk Debatt 1983:7), found that Sweden's industrial support is unique in its volume and, especially in its direction. It is more direct and selective, i.e. it is given in the form of subsidies, loans, and share capital to certain companies that are operating at a loss. Two thirds has gone to crisis-ridden industries, especially shipbuilding and steel.

Injections of capital, performed at the "emergency ward," sometimes were preceded by pressure that verged on political blackmail. Nils G. Asling wrote in his book that, "Business leaders would approach the government, followed by the trade union chairman, often by the Social Democratic head of the local government, and in many cases by the region's representative in parliament and the governor of the county." During the years that billions were pumped into unprofitable companies, the trade unions, the Social Democratic opposition, and local public opinion agreed that the government always had to do more.

In every case, the goal was to "save the company" and "secure jobs." This is not a valid argument. As long as a company brings in enough to cover the cost of wages and input goods, it can continue to operate. From an economic standpoint, capital costs are not a consumption of resources, but only a transfer of income. If it is believed that production could become profitable in the future, then the state can step in and cover the capital costs. But this detour through the state budget is unnecessary. It is simpler to let the company declare bankruptcy and have its debts reduced.

It may be difficult for the state to let many of its own companies go bankrupt, but the politicians have brought this unnecessary difficulty upon themselves by nationalizing crisis-ridden companies. Now they should change this trend and sell off most of the state-owned industries.

Using tax money to finance production that cannot meet its own current costs (such as the shipbuilding) is a waste of resources, even from the standpoint of the national economy. Of course, the state has a primary responsibility to guarantee incomes for personnel in industries in economic crisis, but this is an insurance matter. A guaranteed income should not be linked to unprofitable production, but should be covered by a more sophisticated unemployment insurance system with more generous subsidies for relocation and retraining--after taxes. That would increase mobility and facilitate a much-needed restructuring of our industry. The present industrial subsidies have the exact opposite effect.

If many companies need help, it is a sign that wages and payroll taxes are too high (they should be reduced) or that the exchange rate is wrong (and it should be corrected).

Direct state support to companies is justified only in a few special cases. If countries with which we are competing grant government subsidies for research and development in important industrial sectors, then perhaps Sweden should follow that example, but only to protect our competitive strength.

Projects that could become profitable but are so risky and involve such a high volume that the market cannot get by alone could require government support. But if this occurs often, then there is something wrong with the market and with the conditions under which private companies are operating.

The economic cost of industrial subsidies is not the billions lost by the state, but the lost production we could have had if the money had been used for new investments instead. Measured by this standard, it has not been cheap.

9336

CSO: 3650/111

FACTORY INVESTIGATED FOR LEAD POLLUTION

Nicosia KHARAVGI in Greek 27 Jan 84 p 7

/Text/ The following announcement was made public yesterday:

"Regarding a report today in a morning newspaper on the pollution of the environment from lead in the location Aspres of Kato Lakatamias from a nearby industrial plant, the following is authoritatively stated:

"The special problem mentioned in the report is being investigated since last November by the appropriate government services in close cooperation with the inhabitants of the area who are familiar and have endorsed the methodology followed in the investigation of the problem.

"The investigation consists mainly of medical tests including tests to determine the lead concentration in the blood and of certain measurements in the environment.

"It is emphasized that although similar tests take up to 2 years to be completed, the government services dealing with the subject assumed the obligation to complete their investigation within only 4 months--that is, by the end of February at the latest. Therefore, unsupported conclusions and groundless reports with spectacular headlines do not serve any useful purpose.

"In any event, assurances are given that as soon as the government has the findings of the investigation it will move rapidly, if needed, to take the necessary steps to safeguard the health of the people.

"With regard to the plant employees, they are being systematically observed by the appropriate service of the Ministry of Labor and Social Insurances, which finds that they are not in danger."

The industrial plant in question is the battery manufacturing plant Ilektra which melts old batteries, sending lead into the atmosphere.

7520

CSO: 3521/175

END